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FBIS-LAT-96-121 *21 Jun 1996*

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International Affairs: Mercosur, EU Outline Strategy

PY1806172396 Sao Paulo GAZETA MERCANTIL in Portuguese 12 Jun 96 p A8

[Article by Maria Clara R.M. do Prado]

[FBIS Translated Text] A mixed commission of representatives of the four Mercosur [Common Market of the South] countries and of the 15 EU countries met on 11 June for the first time in Brussels to outline the first steps toward implementing the master agreement signed in December 1995 to create a free-trade zone between the two blocs over the next 10 years.

A decision was made to create a subcommittee of commerce, which will meet during the last quarter in Brazil. The subcommittee will be supported by three work subgroups which will list the goods and services exchanged by the two blocs, and the technical regulations for the procedures related to the rules of origin and customs matters.

Jorio Dauster, Brazilian representative to the EU, told this newspaper: "Operational rules were created, so that by the end of the year it may be possible to identify sensitive products and those that are considered priority for each bloc." Strictly speaking, the most important negotiations will begin in 1997. Following a diagnosis of the commercial situation of the two blocs, both sides will be able to debate on the issues involving — on one hand — access by Mercosur farm and agricultural manufactured products to the European market, and — on the other — informatics and capital goods that are sensitive imports for Mercosur countries.

At bilateral meetings with EU representatives — among them Manuel Marin, a EU representative for Latin America; and Leon Brittan, vice president of the EU and representative for economic affairs — Brazilian Foreign Minister Luiz Felipe Lampreia emphasized that over the past five years, Mercosur countries implemented a major commercial opening (in 1995, Brazil registered a $760 million deficit in its balance of trade with the EU, after registering a surplus of $3.23 billion in 1994). He added that Mercosur countries now expect concrete initiatives on the part of the Europeans, in order to balance commerce between the two blocs.

Argentine Foreign Minister Guido Di Tella said: "Today we are setting in motion a process leading to the creation of a free-trade zone with Europe." He added that there are sensitive points that must be resolved throughout the various stages. One is undoubtedly the discussion on products considered sensitive. It must be ascertained if farm products will be included, how they will be included, and how gradual this inclusion will be. In the opinion of Di Tella, the debates on this topic will produce some sort of tension: "A lot of money is involved in this issue and, moreover, it is a matter of European traditions."

Dauster noted that within Europe there are other matters — perhaps more complex — that still must be resolved. "We must know with whom we are negotiating, because there are 12 (East Europe) countries waiting to join the EU, and we should also know how the monetary unification program will work, a matter that I consider very complex," he said. Furthermore, in 1999, Europe must decide how to redistribute its internal resources, identifying donors and recipients. This is also a major subject that can influence commercial negotiations with Mercosur.

Dauster said that Mercosur will continue its own dynamics and its own priorities. "We will continue to consolidate the customs system and the process of creating a network of free-trade zones with Latin American partners like Chile, Bolivia, and Venezuela, and with other countries that may join later," he remarked. Dauster added that this will be done without disregarding the strategy of parallelism advocated by Lampreia, Di Tella and other Mercosur foreign ministers. This means parallel steps will be taken, creating free- trade zones in Latin America while continuing negotiations over the FTAA and with the EU.

Mercosur will hold a summit meeting on 25 June to define the creation of a free-trade zone with Chile. An agreement with Bolivia may also be defined on the same day.

Dauster listed a series of topics that Brazil and the EU are bilaterally negotiating and that are likely to remain in the agenda, simultaneously with the other commercial matters. The agenda is big. Dauster has devoted himself to resolving, among others, some major issues that have harmed Brazilian commercial sectors. Such issues are:

— Brazil does not know if it is complying with the oil seed quota, because there is no rule demanding a Brazilian document beside the export license. This gives less favorable prices to Brazilian products.

— The instant coffee case reflects the imposition of an import tariff of 9 to 10 percent in Europe for countries like Brazil, because the advantages negotiated within the Uruguay Round favored Andean and Central American countries.

— It is also necessary to resolve the fact that Europeans consider a product paying ICMS [Goods and Services Movement Tax] in some states receives favored treatment.

— There is the case of tobacco, which within the agricultural reform of the GSP, is considered a "supersensitive" product that should pay an 18 percent tax.

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Inter-American Affairs: Tudela on 'No Significant Progress'

PY1906202196 Madrid EFE in Spanish 1622 GMT 19 Jun 96

[FBIS Translated Excerpt] Buenos Aires, 19 Jun (EFE) — When the second day of the talks began in Buenos Aires today, Ecuador and Peru had made no significant progress in the negotiations to define ways to resolve the old border conflict between the two countries.

"There are important points on which there is no agreement," Peruvian Foreign Minister Francisco Tudela said upon entering San Martin Palace, the old building of the Argentine Foreign Ministry, where negotiations are being held in strict secrecy.

Tudela said, however, that "the positions of the two countries became clearer," and expressed hope that "rapprochement will be reached today."

"There is a great deal of cordiality as usual but this does not mean there is an agreement," said Ecuadoran Foreign Minister Galo Leoro in a brief statement.

Tudela and Leoro avoided talking about disagreements in the negotiations with the diplomatic mediation of Argentina, Brazil, Chile, and the United States, which are the guarantor countries of the 1942 Rio de Janeiro Protocol that established the border between the two countries. [passage omitted]

Tudela said: "If we do not reach agreement in principle, another meeting will be probably held" before the one in Brasilia to sign an agreement on ways to resolve the conflict.

Tudela did not disclose where that meeting would be held, but he said the Brasilia meeting will be held "after the new Ecuadoran administration is installed," probably late this year.

Tudela said the change of the Ecuadoran administration "should not affect the negotiations or any agreement because it is clear that it is an agreement between states that must be respected." [passage omitted]

Inter-American Affairs: Tudela on Meeting With Leoro

PY2006034796 Lima America Television Network in Spanish 0100 GMT 20 Jun 96

["Exclusive" interview with Peruvian Foreign Minister Francisco Tudela by unidentified correspondent in Buenos Aires on 19 Jun — recorded]

[FBIS Translated Text] [Passage omitted] [Unidentified reporter] Minister Tudela, what was the result of your deliberations during these two days?

[Tudela] Well, first and foremost, we have signed a written agreement on several aspects which we had broached in previous meetings, and now in Buenos Aires, on the venue for future rounds of talks, delegations make-up, the impasses [reserva]. Second, in what pertains to procedural matters, we have incorporated two declarations by guarantor countries: One declaration was issued on 18 January 1996. In this declaration, guarantor countries express their willingness to play the role entrusted to them pursuant to Article 7 [of the Rio de Janeiro Protocol. The other one was adopted here in Buenos Aires yesterday. This is a most important declaration since guarantor countries establish that cooperation with and support for the parties will be fostered within the framework of the Rio de Janeiro Protocol laying special emphasis on the provisions of Articles 7 and 9.

Furthermore, it was suggested that MOMEP [Ecuador-Peru Military Observers Mission] should be extended until 6 September 1996 and we established a working program for the future. We put on record Peru and Ecuador's divergent stances on procedures. While we have made great strides in clarifying both countries' positions, we have not yet been able to come to a definite agreement on this point. Still, we have agreed to meet in Santiago for a new round of talks, something which in all likelihood will take place before the end of the term of office of the incumbent Ecuadoran president.

[Reporter] How about the concern voiced by the Peruvian Government and human rights organizations about the existence of mines in the border area in Tumbes?

[Tudela] Well, we are still concerned about that, but that subject is not on the agenda of our talks either here in Buenos Aires or in Santiago.

[Reporter] During these two days in which you stayed in Buenos Aires you met with President Carlos Menem. Have you conveyed to the Argentine head of state President Alberto Fujimori's concern about the sale of Argentine weapons to Ecuador?

[Tudela] No, I have exclusively come to Buenos Aires to hold talks with Ecuador.

Inter-American Affairs: Argentine Response on Arms Demanded

PY2006185496 Lima Radio Programas del Peru Network in Spanish 1700 GMT 20 Jun 96

[FBIS Translated Text] Peruvian Foreign Minister Francisco Tudela has stated in Buenos Aires that Peru demands a concrete response from Argentina concerning the illegal trafficking of weapons to Ecuador during the

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armed confrontation in the area of the Condor Mountains.

Tudela said: There is a feeling of delay and of certain frustration over the sluggishness of the Argentine judicial system in establishing those who were responsible for the trafficking of weapons. He added that this situation demands an answer from the Argentine officials. He added that the Peruvian Government expects an answer and that all those responsible will be punished. Only then will the Peruvian Government adopt a final decision with regard to its relations with Argentina.

Inter-American Affairs: Antitrust in Brazil, Mercosur Viewed

PY2106004996 Buenos Aires GAZETA MERCANTIL LATINOAMERICANA in Spanish 16-27 Jun 96 p 12

[Article by Wladimir Gramacho]

[FBIS Translated Text] Brasilia — The Administrative Council for Economic Defense (CADE), an organization charged with overseeing monopolies in Brazil, has discovered that it too will have a monopoly of its own within Mercosur [Common Market of the South] because it is the only body with jurisdiction to hear cases involving monopolistic practices in the four member countries of the Mercosur economic bloc.

With no equivalent bodies existing in either Paraguay or Uruguay, and with Argentina having only one body that has jurisdiction over the behavior of companies — but not over mergers, CADE will influence the composition of neighboring markets in passing judgment on certain cases. When Brasilit and Eternit — manufacturers of asbestos sheets and water tanks, respectively — applied for authorization to implement a merger in Parana State and another in Rio Grande do Sul with a view to exporting to Mercosur countries, CADE turned the petition down.

Instead of upholding the petition and allowing Argentine, Paraguayan, and Uruguayan consumers to have more products available to them in close production plants, CADE chose to reject the merger proposal. Taking into account the fact that Brasilit and Eternit already control the market of those two items, CADE turned the situation around by creating room for the other Mercosur member countries to export to Brazil.

Attorney Neide Malard, a member of the CADE board, said at the time of the ruling on the Brasilit-Eternit case: "We have also concluded that the unused capacity of the two companies could be channeled toward promoting exports. We chose not to let the group become very strong in Brazil and thus allow our Mercosur partners to make exports to our market."

In two other cases, however, CADE authorized the mergers: Rhodia and Hoechst (nylon threads), and Albarus and Rockwell (truck axles). In these two cases, the companies involved claimed that they wanted to undertake a more aggressive approach to promoting exports to Mercosur member countries.

CADE now has to pass judgment on the largest case of incorporation ever brought before it; that is, the purchase of Kolynos of Brazil by Colgate Palmolive in January 1995, at a total cost of $720 million. Executives from both companies have declined to comment on the matter or on their plans for Mercosur while a decision is pending.

It has been reported that Kolynos is the leader in the area of toothpastes, not only in Brazil but also in Argentina. Thus, CADE's decision on the above incorporation could affect the market in both countries.

Since 1994, when it underwent a reorganization and received powers to decide on mergers (which have become increasingly important within the context of a globalized economy), CADE has tried to keep a low profile, despite the controversial cases brought before its venue, such as the purchase of the Pains iron and steel company by the Gerdau Group, and the purchase of Kolynos of Brazil by Colgate Palmolive. Nevertheless, CADE is increasingly acquiring greater visibility.

Gesner Oliveira, who was recently appointed as CADE president, endorses the opinion that, in some cases, CADE's decisions will influence the other Mercosur markets. Yet, in making a decision, CADE only takes into account the possible benefits or losses it would bring to the Brazilian market, not the other Mercosur markets.

Bearing this problem in mind, Oliveira attended last week in Buenos Aires his first meeting of the Mercosur's Fifth Technical Committee, which is in charge of defending competition. Oliveira and Aurelio Wander Bastos, secretary for economic rights at the Justice Ministry, are the Brazilian officials responsible for reconciling antitrust laws within Mercosur. Oliveira said: "Without reconciling these laws, we are going to become a second rate market. We are thus going to earn the bad reputation of not having well-defined rules for our market." He added that "some companies will get established with the objective of hurting their competitors, which would ultimately create problems to Mercosur, which is trying to attract long-term foreign investment."

The Brazilian Government's intention, following Itamaraty's guidelines, is to prioritize the work of committees designed to create a common legislation within the bloc. Oliveira added: "Only then could we think of creating a supranational agency."

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Cuba

Cuba: Alarcon Denounces ICAO Report; Meeting Suspended

PA2106023896 Havana Tele Rebelde and Cubavision Networks in Spanish 0000 GMT 21 Jun 96

[From the "NTV" newscast]

[FBIS Translated Text] A charge by the Cuban delegation caused the suspension of the meeting where the results of the investigation on the downing of airplanes that violated Cuba's airspace were to be announced. The suspension came when it was learned that the meeting, attended by the International Civil Aviation Organization [ICAO] investigating team and the Cuban and U.S. delegations, lacked the authority to consider objections to the prepared document.

Cuban delegation chief Ricardo Alarcon stated his mission did not consider it appropriate to remain in the meeting if, as the ICAO spokesman told the press, this was merely a courtesy discussion. Our correspondent Carlos Iglesias has more.

[Begin Iglesias recording] The Cuban delegation attending in Montreal the final process of the ICAO investigation on the 24 February incident, called a news conference today to denounce that the United States is interested in fostering international animosity toward Cuba and not in getting to the bottom of the incident. During the meeting with reporters, Alarcon flatly rejected that the airplanes were downed that day in international airspace. He contended that the report by the team of ICAO experts contains U.S. lies and fabrications. There is an evident trend to give greater credence to what the other side says than to utilize the information supplied by Cuba, Alarcon said. Responding to reporters in English, French, and Spanish, the delegation chief stressed that the U.S. version is preferred over others on matters seeking to prove at all costs that the incident took place outside of Cuban airspace. He verified his claim by noting that the U.S. version, based on transcripts of the recordings of the conversations between the Cuban Air Force and control tower, was used although the team had the originals provided by Cuba at the appropriate time. The report, he said, reads like a soap opera and one notices a trend to freely accept anything the United States says and to ignore the Cuban information. In addition, the language employed suggests that Cuba is not telling the truth, and yet it repeats even the contradictory statements by the other side, he noted. How can one make an inquiry that purports to be serious and yet lean so heavily in favor of the United States, he asked during the news conference? Alarcon also denounced a report that was issued in Washington that the ruling went against Cuba, when the report has not yet reached the hands of the 33 ICAO Council members because the U.S. evidence provided was delayed, prompting two extensions of the investigating team's mandate. Consequently, Alarcon noted, the Council will only have four days, three of them holidays, to study the document and issue a statement. The Cuban delegation also distributed a communique, noting that the meeting with the investigating team and the U.S. delegation, scheduled for two days, starting today, lasted only 20 minutes because it was evident that it was only a formality and would not serve to make profound observations to amend the report if necessary. The Cuban delegation rejected the so-called technical meeting because of the approach employed, something which Alarcon regarded as an undermining of the Council members' right to receive the text on time. [end recording]

Cuba: Further on Suspension of ICAO Meeting

PA2006222196 Havana PRENSA LATINA in Spanish 1825 GMT 20 Jun 96

[By Javier Rodriguez]

[FBIS Translated Text] Montreal, 20 Jun (PL) — Charges presented by the Cuban delegation today caused the suspension of the meeting in which the results of an investigation into the downing of planes that violated the island's airspace were reported.

The meeting was foiled when it became known that this meeting, which was to be attended by the investigating team of the International Civil Aviation Organization (ICAO) and the Cuban and U.S. delegations, did not have the authority to consider objections to the document that was to be presented.

Ricardo Alarcon, chief of the Cuban delegation, asserted that this mission did not consider it appropriate to remain in the meeting if, as the ICAO spokesman had declared to the press, it was only a courtesy.

Unless we discuss the investigating commission's report here and objections can be heard so as to modify this report, the meeting has ended for us, Alarcon stated a few minutes after the meeting started.

We will give our opinions on the investigating commission's report at the ICAO Council meeting or wherever we think it pertinent, said Alarcon, who is also the president of the Cuban Parliament.

Reports on the contents of the mentioned report, which has still not been given to members of the council who are to meet next week, appeared in the Canadian and U.S. media today.

For her part, Carol John Carmody [name as received], the U.S. representative at ICAO, said she had no

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objections to the document, thus showing that she agreed with its contents.

According to analysts and journalists who are following the ICAO sessions, the delays in issuing the results of the investigations and the suspicion that these are biased have triggered doubts about their objectivity because of the possible level of U.S. pressure.

Cuba: Envoy to UN Calls ICAO Draft Report 'Incomplete'

PA2106034896 Havana PRENSA LATINA in Spanish 0034 GMT 21 Jun 96

[FBIS Translated Text] United Nations, 20 Jun (PL) — Cuba described today as lax, incomplete, and confusing the draft report by the International Civil Aviation Organization (ICAO) on the violation of Cuban airspace and the incidents of 24 February.

During a news conference at the UN, Cuban Ambassador Bruno Rodriguez Parrilla stressed that the document's final version confuses the incident with subjective interpretation and attributes total credence to some witnesses while dismissing others.

The report should be the result of work done by the ICAO investigating commission, which was created at the request of the UN Security Council and the U.S. and Cuban Governments, to clarify everything pertaining to the incidents that led to the downing of two pirate airplanes in Cuban airspace on 24 February. The report is not thorough, Rodriguez Parrilla added, nor sufficient with regard to U.S. accountability as the country that issued the licenses to the airplanes and as the country of origin of those flights, which is why it has little objectivity.

He stressed that Cuba has solid proof as to the site of the aircraft's downing and that stance has not changed.

The official also stressed that his country has acted in an ethical manner and not leaked information of any kind regarding the content of the draft reports, which is why it is surprised by today's reports in the Miami press.

In addition, he noted, his country's stance has been coherent and solid since the start of the investigation. It gave the commission its full cooperation and provided irrefutable evidence of the serious chain of violations of its airspace — 25 in 20 months by 35 airplanes of the so-called Brothers to the Rescue organization.

In reference to the final draft, he said its structure does not conform to Annex Two of the Chicago Convention and therefore includes inaccuracies: The introduction prejudges the conclusions and the chapter stating the facts is inaccurate since it contains no mention of relevant causes, developments, and precedents.

At the same time, he stressed, it ignores three proofs supplied by Cuba, namely, the study of the contents of the aircraft, the study of the sea currents at the site of the incident, and the testimony of some eyewitnesses, including the captain of a ship in Cuban territorial waters.

As proof of the inconsistency of the draft report, Rodriguez mentioned that it does not question the accuracy of the Cuban data, but at the same time presents the testimony of another ship captain to the ICAO as being more reliable, although it was impossible to establish the exact location of his vessel on the day of the incident.

He said the commission acknowledges major contradictions in the military recordings from Cuba and the United States and cannot reconcile the radar data from the two countries.

At the same time, the official recalled Cuba's warning in the face of the withholding by the United States of seven pieces of evidence requested by the ICAO and questioned the delay when this evidence was obtained at the time of the incidents. The delays prompted the postponement of the conclusions on two occasions.

Perhaps, he said, the intention of these delays is to lead to conclusions and interpretations that could be manipulated with the right technology.

In response to questions, Rodriguez Parrilla described as inexplicable the U.S. delay in taking measures to withdraw the license of one of the pilots, since there are photographs for sale in Miami, as well as file footage from local television stations on the pirate incursions.

He considered their [Brothers to the Rescue] announcement, that they will continue their flights on 13 July — something Cuba has denounced before the UN — as a future test for ICAO and the Security Council regarding the impunity with which these flights have been conducted until now.

Cuba: Brothers to the Rescue Called 'Terrorist Group'

PA2106012596 Havana Tele Rebelde and Cubavision Networks in Spanish 0000 GMT 20 Jun 96

[Report by special envoy Carlos Iglesias from Montreal, Canada; from the "NTV" newscast]

[FBIS Translated Text] We are on the eve of one of the preliminary closed-door meetings between a group of

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ICAO [International Civil Aviation Organization] experts and the sides involved in the 24 February incident, when Cuban downed two airplanes belonging to terrorist group Brothers to the Rescue, which violated the country's airspace and ignored its warnings to withdraw. What is Brothers to the Rescue? The organization was created on 15 May 1991 in Opa-Locka, Florida, and at that time, its chieftain, Jose Basulto, claimed it was of a humanitarian nature, although its flights in search of the so-called rafters sought to stimulate those illegal and dangerous departures. The 1994 and 1995 Cuban-U.S. immigration agreements left Brothers to the Rescue without a mission, and Basulto told Miami television on 3 October 1994 that the group would seek out other missions.

On 8 March of this year, the Brothers to the Rescue leader told THE MIAMI HERALD that he had not seen a rafter since last August. Two months later, U.S. authorities acknowledged that flights by this individual and his colleagues had violated of Cuban airspace and removed his license. Now then, if there are still doubts regarding those violations, one must keep in mind that the Chicago Convention of 1944, the IACO Charter, stipulates that humanitarian rescue operations are the responsibility of the states and not of civilian pilots, much less unauthorized flights in heavily congested zones. This is one example of the Brothers to Rescue's violations of IACO rules, but not the only one.

Cuba stated that these irregular actions violate its laws, including the sanctity of its territory and sovereignty mentioned in the Constitution, the UN Charter, and the even Chicago Convention in over eight of its 96 articles and the annex on flight regulations. Brothers to the Rescue also ignored U.S. laws, including those dealing with neutrality and federal aviation regulations, and this is something Washington knew beforehand and Cuba denounced. A warning as early as 18 October 1994 during a meeting of civil aviation representatives from Cuba and the United States prompted the latter to acknowledge the dangerous nature of those flights. Washington, however, accepted and allowed them to continue and is even trying to describe Brothers to the Rescue as a civil aviation group despite its systematic illegal practices, such as the altering of flight plans, improper use of communications, and entering Cuban space without authorization, jeopardizing lives and air traffic.

Cuba: State Department Spokesman 'Shameless Liar'

PA2006203496 Havana PRENSA LATINA in Spanish 1629 GMT 20 Jun 96

[FBIS Translated Text] Havana, 20 Jun (PL) — The newspaper GRANMA today described U.S. State Department Spokesman Nicholas Burns as a shameless liar in reference to his recent statements about Cuba's indemnification to U.S. companies.

An article by Nicanor Leon published on Thursday states: "In statements made in Washington on 17 June, Nicholas Burns lied shamelessly when he said Cuba has never agreed to discuss with the White House the issue of indemnifications for U.S. companies the revolution has nationalized."

The note published by the official Cuban newspaper berates Burns's view as false and describes it "as a mockery of the listeners to whom these statements were made."

Burns knows very well the proviso (for indemnifications) was created and has worked with other countries that were also affected, Leon writes.

Leon says the exception was Washington, which, in violation of international law, tried to impose its conditions when the island confiscated those assets in response to the U.S. elimination of Cuba's oil and sugar quotas.

Further on, GRANMA publishes the answer given by the U.S. administration in 1960 to a Cuban Foreign Ministry communique regarding a trip to the United States by a Cuban commission to resolve this issue. In one of its points, the foreign minister's note stated that the renewal and development of bilateral contacts were subject to the United States' "not adopting any unilateral measures prejudging the results of the negotiations."

The answer was: "The U.S. Government cannot accept those conditions for negotiations (...) in the sense that the U.S. Government will not adopt unilateral measures that may affect the Cuban economy and its people."

CUBA: Havana Said Willing To Discuss U.S. Compensation

PA2106041796 Mexico City EL FINANCIERO in Spanish 20 Jun 96 p 26

[Article by Yalin Cacho and Alberto Ugalde]

[FBIS Translated Text] Cancun, Quintana Roo, 19 Jun — The Cuban Government is willing to negotiate with the United States the compensation of properties that were confiscated by the revolution as long as the United States recognizes the damage, which the economic

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blockade — established in 1961 — has inflicted on the island and which is estimated at $40 billion to date.

Despite the pressures stemming from the Helms-Burton law, foreign investment in Cuba amounts to more than $2 billion, with more than 230 investors operating on the island. To date, not a single company has left the island or requested to do so since the law was passed.

It has, however, caused mistrust and uncertainty among foreign businessmen, according to Raul Taladrid Suarez, Cuban deputy foreign investment and economic cooperation minister.

After describing the Helms-Burton law as illegal and immoral blackmail, Taladrid said the law is doomed because of the international rejection it has received and because it does not have a serious legal base.

Likewise, Jose Rossi Umana, deputy foreign trade minister of Costa Rica [title as published], said his country flatly rejects attempts by any country to interfere in the international policies of third countries as is the case with the Helms-Burton law; therefore his government will act with the necessary strength against these types of initiatives.

Taladrid Suarez said the U.S. initiative to internationalize the blockade against his country is against international law and said it will not have the support of other countries of the hemisphere.

Taladrid said that, just as it did with France, Switzerland, and Canada, the Cuban Government tried to negotiate with the United States the compensation of properties that were confiscated, but Washington refused and intensified the blockade of the island.

Interviewed during the Fifth Cancun Forum, Taladrid said he is attending the event with the purpose of promoting foreign investment and making new business contacts with the Mexicans.

Taladrid said the the participation of foreign capital in the island would be greater were it not for the pressures exerted by the Helms-Burton law on foreign investors; however, in view of this situation, the Cuban Government has all the support and confidence of its people.

Cuba: Chinese Delegation Visits Citrus Fruit Enterprise

PA2106014896 Havana Tele Rebelde and Cubavision Networks in Spanish 0000 GMT 20 Jun 96

[From the "NTV" newscast]

[FBIS Translated Text] Chinese Colonel General (Cho Chiyu) and a delegation of ranking Chinese officers visited the Jaguey Grande citrus fruit enterprise and the Tropical juice factory today.

[Begin reporter Marta Moreno recording] The enterprise manager explained to the visitors that the plant occupies 25,000 hectares and the labor force is mainly made up of the Youth Labor Army [EJT], which has been able to raise citrus fruit production. The results have been possible thanks to consistency in the work and the financing of necessary products to cultivate the crops. Last year, the enterprise produced close to 250,000 tonnes of citrus fruit, of which it exported 29,000 tonnes fresh fruit and 16,000 tonnes of concentrated juice produced in the Tropical factory to Western Europe.

According to the factory manager, the enterprise repaid its financing in foreign currency, lowered costs, and made a profit. Following some modification of the plan, and thanks to the EJT's contribution, the enterprise hopes to reach its all-time production goal of over 400,000 tonnes of citrus fruit and make new investments. [end recording]

Cuba: Bahamas Deports 31 Illegal Immigrants to Havana

PA2106041696 Havana Tele Rebelde and Cubavision Networks in Spanish 0000 GMT 19 Jun 96

[From the "NTV" newscast]

[FBIS Translated Text] Another group of illegal Cuban immigrants arrived in Havana today from the Bahamas. This third group of illegals consisted of 31 people — 20 men, 17 women, and four children — most of them from Las Tunas Province. With the delivery of this group to the Cuban authorities, the Bahamian Government fulfills the letter of understanding signed on 12 January. Bahamian Public Security Ministry, immigration, and Foreign Relations Ministry officials accompanied the 32 individuals and officially released them to Cuban authorities, who, after completing routine procedures, will take them to their places of origin.

Cuba: Crime in Camaguey Declines 25.11 Percent

PA2006214696 Havana Radio Rebelde Network in Spanish 1700 GMT 17 Jun 96

[Report by Meosotis Fabelo from the "National Radio News" newscast]

[FBIS Translated Text] Criminal activity declined in Camaguey during the first five months of this year, as was reported during a meeting of the Unified Vigilance and Protection System. Reporter Meosotis Fabelo has additional details.

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[Fabelo] Crime in the region, particularly crimes against property, lives, and personal safety, declined compared to the same period last year. Criminal activity in all of Camaguey's municipalities declined with a special emphasis on the province's capital, Najasa, Guaimaro, Santa Cruz del Sur, and Esmeralda. The support given to the forces that make up the Unified Vigilance and Protection System by the people is significant.

In Camaguey, the Interior Ministry, along with the rest of the forces, are implementing operational plans to counteract economic crimes and to preserve the people's security. During the first five months of this year, this systematic work has led to the confiscation of more than 22,200 pounds of beef, over 5,200 pounds of lobster and shrimp earmarked for export, and approximately 5,800 pounds of coffee.

Criminal activity is declining in Camaguey due to the joint effort made by the forces of the Unified Vigilance and Protection System and to the people's support given to them.

Haiti

Haiti: Senator Supports UNMIH Extension, Police Training

PA2006214896 Port-au-Prince Signal FM Radio in French 1130 GMT 18 Jun 96

[From the "Waking Up Newscast"]

[FBIS Translated Text] The president of the Justice Commission at the Senate, Gelerme Laguerre, has taken a stand in favor of an extension of the mandate of the UN Mission in Haiti [UNMIH]. Sen. Laguerre hopes the UNMIH members will contribute to the training of the Haitian policemen. As regards the national budget, Sen. Laguerre has told us that between now and next week the budget will be completely voted. Yvener Millien reports:

[Begin recording] [Millien, in Creole] Between now and the end of the month of June, the mandate of the second version of the UNMIH will expire. For his part, Haitian President Rene Preval has allegedly written to the UN Security Council to ask for an extension until December 1996.

Furthermore, Senate Justice Commission President Gelerme Laguerre says he agrees with the extension of the mandate of the UNMIH but he wants the UNMIH members to prepare the policemen to face the situation that is developing in the country.

[Laguerre, in Creole] It would be good, it would be good, and we would wish that there be an extension of the mandate of the UNMIH. But the problem with this is that we cannot ask for an extension for the sake of an extension so the UNMIH remains in the country indefinitely because until now the UNMIH forces are here to cooperate but not to occupy. This is why we say that since the UNMIH cannot remain in the country indefinitely, there must be the means, measures must be taken, to prepare for the post-UNMIH period.

[Millien, in Creole] Concerning the budget issue, Sen. Laguerre has told us that 14 out of the 17 fiscal laws have already been voted. The lawmaker went on to say that they are now working on the operational and investment budget. He added that next week they will wrap up their work on the budget.

We will point out for you that many countries such as the United States, France, and Canada have informed that they are ready to support the extension of a third version of the UNMIH. Yvener Millien for Signal FM. [end recording]

Haiti: 5 Found Dead in Port-au-Prince 19 Jun

PA2106033196 Port-au-Prince Signal FM Radio in French 1030 GMT 20 Jun 96

[From the "Waking Up Newscast"]

[FBIS Translated Text] At least five persons were found dead on the morning of 19 June in Port-au-Prince in the area near the cathedral, in Poste Marchand, and in Rue du Magasin de l'Etat. These persons are allegedly zenglendos killed by the police, according to the testimonies of some people living in these areas.

Late in the morning, their bodies were still lying on the ground, a Signal reporter noted. Police had patrolled those areas during the morning, according to the same testimony.

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Mexico: Parties Confirm Agreements on Political Reforms

PA2106005296 Mexico City NOTIMEX in Spanish 1626 GMT 20 Jun 96

[FBIS Translated Text] Mexico City, 20 Jun (NOTIMEX) — The political parties represented at the Mexican Congress have confirmed the agreements reached on the Political Reform and proposed that a special round of sessions be held in July to approve the constitutional changes.

Porfirio Munoz Ledo, national leader of the Party of the Democratic Revolution (PRD, the third national political force), said that the reform is moving along and added that it is clear that there is no turning back regarding the agreements.

"The political reform will become a reality and the most important aspect will be that the package be respected as a whole," Munoz Ledo remarked after yesterday's meeting with Government Secretary Emilio Chuayffet.

Alberto Anava, the leader of the Labor Party (PT), also indicated that in the wake of the agreements, the constitutional reforms on electoral matters are expected to be approved in the coming special round of sessions.

He stressed that the democratization [ciudadanizacion] of the electoral organizations, the vote of Mexican nationals living abroad, and the introduction of the referendum are among the key points on which the parts reached a consensus.

"We expect the proposal to be completed this week and that the special round of sessions can be convened in order to approve the bill on the constitutional reforms, which will make the new electoral law a reality," the leader pointed out.

Santiago Onate, leader of the ruling Institutional Revolutionary Party (PRI), described the meeting as "an overwhelming success."

However, the leadership of the opposition party National Action Party (PAN) emphasized that despite the progress made, there are still some key topics that must be included in the package of reforms.

National PAN President Felipe Calderon Hinojosa stressed that the integration of electoral organizations and bodies, which was not included in the agreements reached, is among those topics that must be reviewed.

In the meeting, which lasted more than two hours, the political leaders analyzed the progress made on the Electoral and Political Reform, within the framework of the Political Reform being promoted by President Ernesto Zedillo since he took office.

In a communique, the Government Secretariat pointed out that in the meeting, the attendees confirmed the commitment that the legal reforms dealing with the electoral topic and the Federal District's Political Reform will be submitted during the special round of sessions.

It further reiterated that the reforms to the secondary legislation in matters pertaining the Electoral Reform and the Federal District's Political Reform will be submitted in a subsequent period.

Mexico: Official Denies Drug Trafficking Bosses in Nation

PA2006214396 Mexico City LA JORNADA in Spanish 18 Jun 96 p 24

[Report by Victor Guerra]

[FBIS Translated Text] Mazatlan, Sinaloa Department, 17 Jun — There are no drug trafficking bosses in Mexico. The ones that have existed are resting in prison right now, and the people involved in drug trafficking comprise small mafia groups that operate on a low scale and do not control so much as a single state in the country, Francisco Javier Castro Sanchez, the new operations coordinator of the National Counternarcotics Institute (INCD), has affirmed. He has said the drug barons are in maximum security prisons such as Almoloya de Juarez in Mexico State or Puente Grande, Jalisco State. Castro Sanchez has said Mexican drug cartels are dismantled. Without Rafael Caro Quintero, Miguel Angel Felix Gallardo, Joaquin Guzman Loera, "Chapo," Ernesto Fonseca Carrillo, "Don Neto," and "El Guero," Palma Salazar, the huge drug trafficking organizations these people run no longer exist.

The new chief of police, who has served as an INCD delegate for a few years and as chief of narcotics investigations of the Federal Judicial Police for just a few days, has revealed he had no special instructions to arrest Sinaloa natives brothers Arellano Felix or Amado Carrillo "El Senor de los Cielos" ("The Lord of the Skies"), who are accused of being the head of dangerous drug trafficking gangs.

Mexico: Televisa Television To Join Internet on 18 Jun

PA2006215996 Mexico City XEW Television Network in Spanish 0330 GMT 19 Jun 96

[From the "24 Hours" newscast]

[FBIS Translated Text] Televisa has joined the information web known as Internet, thus taking a big leap. Starting 18 June, Telvisa joins the interactive electronic

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communications web called Internet. By pushing only one button, one can have access to all kinds of information and never before imagined data.

Televisa On-Line is the merging of technology and a vanguard change of the electronic age. With Televisa On-Line, you will be able to have access to countless information services ranging from news, interviews, and reports to a wide range of entertainment, including soap operas, music videos, sports, and such art forms as movies, theater, and museums.

On behalf of (Guillermo Canedo White), (Luis Legarreta), Televisa's corporation director of systems, guidelines, and procedures [title as heard], made the official presentation of Televisa on Internet. In an interview, (Legarreta) talked about the launching of Televisa on the information superhighway:

[Begin (Legarreta) recording] It allows the public to ponder and clearly see what we do in Televisa, while giving them an opportunity to express their opinions on what they are seeing. [end recording]

Legarreta added the following:

[Begin (Legarreta) recording] We at Televisa are very pleased to have another opportunity to participate in another medium. It is a new and surprising endeavor. [end recording]

Users now have access to moving images from the "24 Hours," "Upon Awakening," "ECO," and "Point by Point" [Punto por Punto] newscasts. Televisa will offer information on its information works through CompuServe, which is the company that renders this service, by attaching us to the Go Televisa access key. Televisa's Internet address is http://www.televisa.com.

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Honduras

Honduras: Nicaragua To Seek Help for Release of Hostages

PA2006234996 Managua Nicavision Canal 12 Television Network in Spanish 0400 GMT 20 Jun 96

[Report by Oliver Bodan; from the "Extravision Newscast"]

[FBIS Translated Text] Nicaragua will request the Honduran Government's cooperation and support for the release of 51 Supreme Electoral Council [CSE] officials and employees who were kidnapped today.

Today, 51 CSE officials were kidnapped by 15 rearmed men led by El Pajarillo and El Licenciado. The members of six voting boards were kidnapped when they were carrying electoral material aboard a canoe on the Coco River,. 19 km northwest of Wamblan, in Jinotega department. The hostages are now in Honduran territory, 3 km from the border.

The rearmed men seek the withdrawal of Nicaraguan Army troops that yesterday clashed with El Pajarillo and El Licenciado at the Patuca and Coco Rivers' confluence.

[Begin Army spokesman Colonel Jose Daniel Garcia recording] Our troops are not engaged in negotiations. We maintain the deployment of troops on the Coco River's banks, waiting for the outcome of the analysis that the government, or the two governments, will make of this situation.

Army General Joaquin Cuadra Lacayo today contacted General [Mario] Hung Pacheco, chief of the Honduran Army, and explained the situation. We consider that it is time that Honduras does something about the situation. This is a Honduran problem right now. [end recording]

The rearmed group also requests the creation of a commission with Honduran and Nicaraguan Government delegates. The CSE has requested the support of the OAS International Commission of Support and Verification [CIAV-OAS] and Cardinal Miguel Obando y Bravo for the release of the hostages — 38 men and 13 women.

Meanwhile, a commission comprised of CIAV-OAS members and northern church delegates will travel tomorrow to the site of the incident.

President Violeta Chamorro said, upon her arrival from Washington today, that she will talk tomorrow with Honduran President Carlos Roberto Reina, with whom she will try to find a solution to the problem.

Honduras: CIAV To Try To Rescue Kidnapped Nicaraguans

PA2006192696 Mexico City NOTIMEX in Spanish 1557 GMT 20 Jun 96

[FBIS Translated Text] Tegucigalpa, 20 Jun (NOTIMEX) — International Support and Verification Commission [CIAV] delegates will arrive in the country today to try to rescue 56 Nicaraguan citizens whom former contras have kidnapped. The Nicaraguan Government has announced the people who were kidnapped were taken to Honduras.

Nicaraguan Ambassador to Honduras Noel Rivas Gasteazoro has told NOTIMEX he is negotiating a permit with the Foreign Ministry so a "civilian" delegation can enter Honduran territory to try to rescue the people who were kidnapped.

The delegation of the CIAV, an OAS agency created to support pacification in Central America, is said to consist of members of the Nicaraguan Catholic Church, Rivas Gasteazoro has said.

A group of former contras has captured 56 Nicaraguans along a stretch of the Coco River in Nicaragua's Jinotega Department—the Coco River forms a natural border between the two countries—and took them to Honduran territory, he added.

The group of former contras is led by "El Pajarillo," the brother of a another man called "El Licenciado" and took the group of Miskito indigenous people prisoner and took them to Honduras, he added.

The CIAV delegation will enter Honduras through the Teotecacinte border checkpoint in the municipality of Trojes, Paraiso Department, he has said.

The Yamales Valley in Paraiso Department, where the people who were kidnapped are supposed to be, is located 5 km from the Coco River, a 450 sq km Honduran zone where 12,000 contras were camped in the past decade.

Guillermo Pagan Solorzano, Honduran Armed Forces spokesman, has said the Honduran forces in the area have been instructed to "act cautiously" so as not to endanger the lives of the the people who were kidnapped. "We will try not to intervene so as not to endanger the lives of the people who were kidnapped," Pagan Solorzano said.

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Honduras: Military Commander on Kidnapped Nicaraguans

PA2106004996 Tegucigalpa Voz de Honduras Network in Spanish 1730 GMT 20 Jun 96

[Interview with Colonel Jose Neptali Lara Alvarado, commander of the 110th Infantry Brigade in El Paraiso Department, by news coordinator Raul Valladares in Tegucigalpa and Luis Ernesto Moncada in El Paraiso Department — live]

[FBIS Translated Text] [Valladares] Our colleague Luis Ernesto Moncada has a report from the eastern part of the country. Luis:

[Moncada] Thank you, comrades in the main studio and listeners of HRN Voz de Honduras. We have Colonel Jose Neptali Lara Alvarado, commander of the 110th Infantry Brigade in El Paraiso Department with us here. He has been keeping up with HRN's news. He will now explain that no one has been arrested in the sector of Arenales, on the border, in the Republic of Honduras. Good afternoon, Col. Lara.

[Lara] Good afternoon, Ernesto Moncada. In fact, this is what happened following the clash between the Sandinist Army [as heard] and these bands of El Pajarillo, El Rebelde, and El Bailarin, the so-called recontras. They clashed in Nicaraguan territory and then moved north, toward our territory.

Once they came to the river, the criminals crossed the river, but then they returned to the area of (Somotines), in Nicaraguan territory.

The last report we have, based on communication established with information sources at the border area, meaning the reconnaissance patrols that both the Honduran Army and Nicaraguan authorities have, tells us that 30 persons were kidnapped — 20 men and 10 women. In fact, it seems that some of the women are pregnant.

[Moncada] Colonel, there is something that interests the Honduran people. It had been said that the hostages had arrived on Honduran territory, and this was stated by spokesmen of a Nicaraguan station — we just heard this through HRN.

[Lara] That is right. The Nicaraguan authorities and the CIAV [International Commission of Support and Verification]-OAS asked our Foreign Ministry to authorize them to enter and conduct negotiations with these bands.

[Moncada] Valladares, do you have any questions for Col. Lara, who is here at the 110th Infantry Brigade headquarters?

[Valladares] Luis Ernesto, Radio Corporation of Managua is in permanent contact with HRN. Could we summarize the issue of the investigations that the military authorities have conducted on the kidnapping? It was learned that some of the kidnapped officials, the Nicaraguan electoral officials, had been part of the preliminary negotiations, following the contacts established with the people who kidnapped these Nicaraguan officials. Come in, Luis Ernesto Moncada and the high-ranking officer of the Honduran Armed Forces. Radio Corporacion of Nicaragua is now in network with HRN Voz de Honduras. Come in, Moncada.

[Moncada] Very well, comrade. We have heard your question. Col. Lara will now provide the answer.

[Lara] Yes, the confirmed information we have now is that there are 30 hostages — 20 men and 10 women.

[Valladares] Col. Lara, did these persons enter Honduran territory?

[Lara] That is correct. They entered Honduras but the kidnappers' intention was to mislead the Sandinist Army [as heard], which was chasing them, and then enter Nicaraguan territory. This would make it difficult to chase them because — you know the area — it is an extremely difficult area, lots of rugged terrain. Therefore, they availed themselves of the terrain and later established contact with the negotiation commission.

[Moncada] Colonel, are there definitely no Nicaraguan hostages in all the sector of Arenales, Trojes, and all the Honduran border sector?

[Lara] No, the information we have is that apparently — we have yet to confirm this — one of the band leaders, El Pajarillo, is here in the general area of Yamales, because they have some injured people and are seeking medical aid.

[Valladares] But the CIAV-OAS commission did enter Nicaraguan territory today, through the area of La Apertura. Is this true?

[Lara] That is correct. They entered through La Apertura at approximately 0730 and went to El Tablazo, and they later established contact with these individuals.

[Moncada] Well, HRN listeners and comrades in the main studio, this has been the statement by Col. Jose Neptali Alvarado, commander of the 110th Infantry Brigade, in the eastern part of the country.

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Honduras: Minister on Protection for CIAV Negotiators

PA2106020596 Panama City ACAN in Spanish 1843 GMT 20 Jun 96

[FBIS Translated Excerpt] Tegucigalpa, 20 Jun (ACAN-EFE) — Honduras will provide the necessary support and protection to the delegation of the International Support and Verification Commission (CIAV), which will come from Nicaragua to negotiate the release of dozens of Nicaraguans kidnapped and brought to this country by a gang of criminals.

Honduran Foreign Minister Delmer Urbizo Panting said today that "our Army is mobilizing the contingents needed to protect the people who are going to achieve the release" of the kidnap victims.

"Through appropriate means, we are going to permit them to enter the country and hold a dialogue with the kidnappers," the Honduran official added.

He warned that "any action without proper planning and safeguards could cause a tragedy," because the kidnappers "are gangs of criminals."

When he arrived in Managua today for a meeting with his Central American counterparts, Honduran President Carlos Roberto Reina said his government has authorized the arrival of the CIAV mission and that "the matter is being handled by the two Foreign Ministries, Armed Forces, and the OAS." [passage omitted]

The Honduran foreign minister said the border troops "are on alert because we cannot permit incursions by armed forces or rebels" in Honduran territory.

Urbizo Panting said that "all the necessary safeguards will be taken to prevent these incidents" in the future.

Meanwhile, Nicaraguan Ambassador to Honduras Noel Rivas stressed that Nicaragua has taken the initiative in this case because it involves Nicaraguans." The diplomat commented that "we expect the most friendly cooperation from the Honduran Government and Army." Regarding the condition of the kidnapped individuals, Rivas said "there is no information, but we also do not have bad news."

Honduras: Reina Meets With Guatemalan President

PA2006214796 Panama City ACAN in Spanish 2349 GMT 14 Jun 96

[FBIS Translated Text] Tegucigalpa, 14 Jun (ACAN-EFE) — The Honduran and Guatemalan presidents, Carlos Roberto Reina and Alvaro Arzu, respectively, met today in Tegucigalpa, where they also headed the festivities marking "National Free Enterprise Day" in Honduras.

The two presidents stressed their support for regional integration and the broadening of commercial relations, particularly with the signers of NAFTA, and announced cooperation plans for the fight against groups of criminals of various nationalities operating in their countries.

The Guatemalan head of state arrived in Tegucigalpa at noon, local time, to preside over, along with Reina, the main ceremony commemorating "National Free Enterprise Day." The Honduran Council for Private Enterprise (COHEP) has invited him.

Arzu and Reina held a meeting at the Honduran Presidential House with officials from their governments to discuss various bilateral and regional issues. The two of them voiced their concern about the increase in drug trafficking and the number of car thefts in Central America, which are connected to African mafias in certain cases.

At a news conference, Arzu said that "organized crime has been able to diversify itself and to cross borders" in Central America and that this is why "more cooperation by civilian and military intelligence services to fight these groups" is urgent.

The Guatemalan president said that these criminals used to be members of "highly sophisticated" armed groups that operated in the area in the 1980's and that "they are devoting time to organize themselves and to keep all countries in constant anxiety because they were left without a war."

Recently, he added, several groups were arrested in Guatemala, and it was determined that they were formed by not only Guatemalans but by Hondurans, Salvadorans, and Nicaraguans.

Meanwhile, President Reina affirmed that "criminals are becoming more international; thus, the defenders of society's values also have to become more international and to coordinate themselves to wage a battle." In this regard, "the exchange of information and the cooperation of police bodies constitute a way to step up society's defense," Reina added.

The two presidents agreed that the fact that these groups are formed by criminals of various nationalities does not imply their countries of origin are responsible. In this regard, the Honduran head of state affirmed that "there was a time when the advisers to Honduran torturers were from Argentina or Chile and that this does not mean these two countries have the exclusive right to do this; this is just what happened," he said. He was alluding to the Argentine and Chilean advisers who trained a Honduran "death squad" in the 1980's. This squad is being blamed for the disappearance of at least 184 people.

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At the 16th Central American Summit held in San Pedro Sula (Honduras) in December 1995, the regional presidents signed a regional security treaty to guarantee citizens' security in their countries.

As for economic matters, Reina and Arzu discussed the progress made in integration affairs, the problems the assembly industry or the "maquilas" are experiencing, and the tapping of Central America's advantages to promote tourism and trade.

Arzu insisted that in these times "of globalization, trade agreements, and facilitation of border affairs," one has to face these challenges "together," adding that his country "borders the world's largest market, which is formed by NAFTA members, the United States, Mexico, and Canada." Thus, he pledged his support for the other countries of the isthmus to expedite their trade operations and border movements. In this regard, President Arzu said Honduras, Guatemala, and El Salvador "could sign bilateral agreements beneficial for the three of them" with the NAFTA nations, "thus facing together the sudden offensives by these markets."

Bilaterally speaking, Reina and Arzu agreed to build a bridge over the Motagua River bordering the two countries.

Nicaragua

Nicaragua: Chamorro Views Kidnapping, Elections

PA2106040596 Managua Radio Nicaragua Network in Spanish 2324 GMT 20 Jun 96

[News conference by Central American presidents — Nicaragua's Violeta Chamorro, Costa Rica's Jose Maria Figueres, El Salvador's Armando Calderon Sol, Guatemala's Alvaro Arzu, and Honduras's Reina — Harvard Professor Michael Porter; Nicaraguan Presidency Minister Julio Cardenas Robleto; Brizio Biondi-Morra, Central American Institute of Business Administration, INCAE, director; and INCAE professors, with domestic and foreign reporters at the INCAE Building in Managua, Nicaragua — live]

[FBIS Summary] At 2327 GMT, President Chamorro starts speaking by welcoming everybody to the news conference and thanking the participants of the meeting for accepting the holding of this news conference. She goes on to recall that Central Americans have remained united since 1990 and says that the Central American presidents will meet again next month. Biondi-Morra follows Chamorro and also welcomes everyone. At 2332 GMT, reporters start asking questions on the results of the meeting. Porter answers the first question in English with passage-by-passage translation into Spanish. His response is unmonitorable.

Reporters continue to ask questions, and, at 2337 GMT, in response to a question on the kidnappings of Supreme Electoral Council officials and the fate of the upcoming presidential elections in Nicaragua, President Chamorro says: "Yesterday, when I returned from the United States, I thought that we were going to have good news by nightfall. It was impossible, because the International Support and Verification Commission, CIAV-OAS, and all the other people left early this morning. I am keeping my eyes peeled, as we Nicaraguans say, to see who these people who kidnaped these Nicaraguans are. They do not seem to be Nicaraguans, because, right now, no one wants to harm anyone. We want harmony instead. In addition, we do not want to annul the elections. I have a great deal of faith that everything will be fine and that, when the OAS officials and the other representatives of my government return, they will tell us exactly what has happened. These people remain in Honduran territory, and, as you know, we have many known rivers at the border."

She adds: "I ask you, the domestic and national media, to help us say that we do not want more problems, that we want to hold free elections, as I have said since the beginning. We want to set an example to the world with what we have done in the last six or seven years, while it has been my turn to steer the country. We do not want to go back; we want peace and liberty."

The news conference continues with more questions and answers pertaining to the Central American integration process. Further on, President Figueres speaks and thanks everybody for being there and points out that the Central American nations must have a free market by the year 2005.

At 2354 GMT, Chamorro announces that the news conference is over.

Nicaragua: President Chamorro on Aid, Health

PA2006210996 Managua Radio Nicaragua Network in Spanish 2351 GMT 19 Jun 96

[News conference by President Violeta Barrios de Chamorro and Presidency Minister Julio Cardenas Robleto, Foreign Cooperation Minister Erwin Kruger, and Social Action Minister William Baez and unidentified reporters at the Augusto Cesar Sandino Airport in Managua — live]

[FBIS Translated Text] [Chamorro] Thank you, Mario [not further identified], thank you friends of the press, and Nicaraguan people. It is, as I always say, 1740, and I am returning from Washington after 12 or 13 days out of the country. I want to tell you that I do not go on leisure trips but on work and often health missions. Now

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I want to tell you, and I do not know if you have been informed, if the good or bad news have been reported, how satisfied I feel. I do not know if you will celebrate or not. The enormous satisfaction and happiness I have felt during these six months... [pauses] six years, no, six months minus six days I have left in my mandate... [pauses] The Consultation Group, you know what a consultation group is. It met in Washington at the IDB [Inter-American Development Bank], now the members met... [pauses] in the past they used to meet in Paris and different European countries, but this time they met here, in Washington, excuse me.

Attending were at least 23 countries, friends of Nicaragua, as well as 46 institutions that are also friends of Nicaragua. Nicaragua also received the tremendous backing from at least 250 international NGO's [nongovernmental organizations]. This means that Nicaragua is not alone. This means that nobody is forsaking his fatherland. This means that I have put my two cents' worth asking people, asking friends, not to abandon Nicaragua. All of you. This is what you must do. This is what you received now.

[Reporter] [Question indistinct]

[Chamorro] Pardon me?

[Reporter] [Word indistinct] in Washington?

[Chamorro] I want to tell you what was published yesterday, I do not know if it was published yesterday here. The Nicaraguan Government [as heard] supports me until I finish my presidential mandate, as it also supports the [words indistinct] of the next president who will be replace me. To be sure, the next president has to continue working for Nicaragua because these problems are not solved overnight. Vice President (Nancy Bernhard), who headed the inaugural ceremony this morning, said she never imagined how the government of Violeta Barrios and her ministers could do such a marvelous thing for all of you, as we have done. This is something unimaginable. Thank God, Nicaraguans are intelligent, and love our fatherland.

[Reporter] In sum, what was achieved during the meetings you held in Washington?

[Chamorro] What better thing that to put Nicaragua in the eyes of the world? Nicaragua is doing much better and the money that, that we are not... [pauses] penniless. We are going to have money to continue working in the six months and six days [as heard] that I have left. You can add them up.

[Reporter] [Question indistinct]

[Chamorro] What better thing than not being abandoned, dear. Of course, Nicaragua has not been abandoned.

[Reporter] How much?

[Chamorro] Approximately... [unidentified speaker: "1.8 billion"] 1.8 billion [currency not given] for a three-year period.

[Reporter] How will the money be received?

[Chamorro] The money will be received through the ministries; through the Foreign Cooperation Ministry, as we have been receiving it since I took office. When I took office in 1990 the country was broke. It was broke. I, too, had a fracture [laughter] but the country I received was broke. It did not have a single cent. When I took office the country was at war, divided, and everybody who lived in this country had to stand in line, something I do not wish for anybody. The country I am handing over has freedom and democracy. Everybody can say what they want. I do not care, I want to tell you, dear friends, that I was the object of so much criticism and not very nice comments. It does not matter. I forgive those who have criticized me. The first thing I said when I took office was that I wanted reconciliation among all Nicaraguans. We have achieved it... [pauses] Young lady, let me finish! I am telling you, be calm. I feel very happy, you [Chamorro is addressing a reporter] will get your chance soon, that on 10 January 1997 I will be able to hand over a country, our Nicaragua, that is not as indebted as it was when I took office.

I want to tell you that here with me is Presidency Minister Julio Cardenas, Foreign Cooperation Minister Erwin Kruger, and Social Action Minister William Baez. Any of these three ministers can say what is in their hearts for all Nicaraguans.

[Reporter] I would like to ask you about your health.

[Chamorro] I want to talk to you about my health. Even before I took office I fractured a bone in my house, in my office. I always carry a bandage. It should have healed but has not because I have been working for the fatherland. I need therapy and many other things that people provide themselves but I have not been able to. Then, there is also my age. For lack of therapy, my bones hurt a great deal. In my trip to Taiwan, you saw that I returned with a great pain in my leg. I see doctors here and in the United States. Right now I see doctors in Washington, because that is where my daughter, Laura Lucia, lives. One is always seeking one's family. Before I used to go to Houston, Texas, because my friends were there. When they moved... [pauses] Laura Lucia moved when her child, my grandson, got sick. She moved to Washington. That is why I was there. I always go there to take better care of myself, because one must not lose one's grace, attractiveness, and one has to continue

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working for Nicaragua. Do not think I am not going to work for my fatherland.

For that reason, if you do not mind, I would like the ministers who are accompanying me to speak. Here is this very special and nice thing. We invited the three state branches, and, in sum, the four state branches were in Washington for the first time. I would like you to ask the Supreme Court president, the Supreme Electoral Council president, and the National Assembly secretary, who was sent as its representative, what their impressions of the people of Nicaragua are, so that I will not have tell you what they thought.

[Reporter] How are the negotiations with the BCIE [Central American Bank of Economic Integration] coming along?

[Chamorro] Yes, of course.

[Cardenas] Well, with respect to negotiations with the BCIE, fortunately, IDB President Iglesias offered his assistance in the search for a solution to this issue. Today he will be meeting with the planning minister, the president of the Central Bank, the BCIE president, and several advisers. We anticipate that this problem will be solved very soon so that we can...

[Chamorro, interrupting] I would be delighted if you could expand some more on this issue which seems to elicit so much curiosity. Keep in mind that this is a $500 million problem inherited from the previous government.

[Cardenas] That is correct. We inherited $500 million, but the previous administration, as we already explained here, capitalized interests amounting to nearly $190 million. They agreed to go ahead with such an operation. Therefore, obviously, in international finance, to agree to capitalize interest over interest is not an advisable operation. Well, in this respect, our proposal was that this operation had to be reversed somehow. This is what we have been proposing and trying to convince the BCIE. Now, the IDB, or better yet, Dr. Enrique Iglesias, who is tremendously fond of Mrs. Chamorro, has offered his assistance in seeking a solution. Mrs. Chamorro, you said that we should speak openly and straight from our hearts, right?

[Chamorro] By all means, please go ahead and say whatever you would like to say.

[Cardenas] I believe we Nicaraguans should feel proud of the type of president we have had during the past seven years. It was really delightful to witness the ovations received by Mrs. Chamorro for the manner in which she has handled all aspects of this country during the past seven years. She received compliments after compliments from the international community for her administration efforts in dealing not only with the country's political issues, but also economic and social. The 1.8006 billion [currency not specified] assistance we are receiving this year, and the 1.2 billion pledged for the next two years comes as direct result of the confidence Mrs. Chamorro has elicited from the international community. She has been able to convince the international community that it is worthwhile supporting the transformation process taking place in this country. With the reconciliation and democracy process we are experiencing, Nicaragua has proven that this is a dynamic and civilized country and one that is determined to solve its differences by means of a dialogue.

[Reporter] Is Nicaragua's proposal at the negotiation table a sort of a let-us-wipe-the-slate-clean position?

[Cardenas] I believe we should... [pauses] our proposal... [pauses] no, well, only the part that was inappropriate will be amended. There will be no changes with the other part. Loans that were granted as investment will remain unchanged.

[Chamorro] Look dear, since you are so interested in the country's debt I would like to point out something to you. All of you are all well aware of the state this country was in when we came to office. This country was broke. I have had to go knocking on the doors of all our friends, and every one of the countries with which we have loans pending. I asked them for support and to condone some of the debt we have with them. However, considering the position we were in, it was very difficult for me to pressure these countries. For one thing, I do not agree with resorting to pressure tactics, just as I do not accept pressures from anyone.

[Reporter] Yes, but how receptive was, let us say for example, Mr. Iglesias and...

[Other reporter, interrupting] Good afternoon, Mrs. Chamorro and the rest of your delegation. We would like Mr. Julio Cardenas to expand some more on the consultative group's decision to approve $1.8 billion for the years 1996-1998. We would like additional information with respect to the $118 million which is practically conditioned to the Nicaraguan National Assembly's approval of a development law, but that otherwise, would be blocked. We would appreciate more information on this issue, Minister Cardenas.

[Cardenas] Of course, my pleasure. There are two separate aspects to this same issue. Every year, representatives from the international cooperation community meet with Nicaraguan officials to assess how far our economic and political process has progressed. Based

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on this assessment the international community agrees to pledge additional funds.

Our economy is in need of slightly more than $500 million to balance what we are unable to produce. This year's meeting, which is also this administration's last meeting with the Consultative Group, was in fact, an affirmation of their continuing support since they already agreed not only to commit the funds we need to end the year. Mrs. Chamorro already alluded to the international community's decision to support to Nicaragua not being a tribute to her, but based on this country's performance, and its ability to improve in every sector. This is reason why they then decided to pledge nearly $600 million for a three year period.

However, this does not mean that we will be receiving the amount in cash. These funds will be received every year in the form of assistance for specific social, productive, and infrastructure investment projects. The support is to be used in every project left pending. This assistance is not something to be viewed entirely as a loan. A portion of it will be itemized as a loan.

Now, going back to your question. Close to $114 million will be disbursed from the international financial institutions, the IMF, the World Bank, and the IDB. However, and in this you are correct, the funds are conditioned to the approval of several laws intended to modernize the state. One of these laws is the stabilization law which has not yet been approved by the National Assembly. The presence of the three branches of government during the meetings was important since they were all finally able to understand that the full extent of the situation which requires the approval... [pauses]

At times in Nicaragua some sectors tend to express skepticism with respect to our announcements related to portions of loans being conditioned to how our laws perform. In this case, the entire international donor community expressed their confidence that Nicaragua will follow the same growth process as it is currently doing and, in general, the same economic and social policies. Therefore, based on this performance the Consultative Group decided to pledge future financial support. Subsequently, the group will be meeting with the next administration in office. At any rate, their support has already been pledged. Everything now depends on how we manage our economy. Part of what I have mentioned is included in one of the laws pending to be approved, the Tax Reform Law, or the stabilization law I mentioned before. If this law, which must substantiate the way revenues and expenditures will complement each other, is not approved; and we fail to find an equilibrium, which we have already agreed to do; then all we would be doing is sending out the message that our country is not a viable one, and we would then be unable to disburse further funds.

We are confident that members of the Economic Affairs and Finances Commission of the General Assembly that have to approve this project will assume their responsibility. Because this was changed through constitutional reforms. At that moment, the National Assembly took on new responsibilities. This means that the National Assembly must realize that approving these kinds of bills is very important to the management of our economy. We can't say no just on principle, can we? All sectors of our society have discussed this bill and are in agreement, on principle. We had meetings with leaders of the private sector, and all the chambers issued communiques which confirmed that they are not worried about the bill as it now stands. This is very important. If the bill is not approved, we might not get the $114 million and our economic program will be at risk.

So that we trust that the deputies will assume their responsibility, endorse this law, and approve it, because this proposal is good for our country.

[Chamorro] I am very glad that Jaime Bonilla accompanied us because he became aware of the reality.

[Reporter] Good afternoon. My question is: The media says that part of the $1.8 billion will be used for production. I am interested in production, because in the western part of the country, where there are 500,000 manzanas without financing. Will part of this financing be used in the western part of the country since the doors of banks are closed to thousands of producers and organizations in the Leon and Chinandega region, and [word indistinct] production? That is my question for the president and for Ministers Erwin Kruger, Julio Cardenas, and William Baez, and welcome back to Nicaragua.

[Cardenas] As I have explained, the $1.8 billion will not be received in cash, for a specific proposal, or for production. That money is earmarked for a number of projects, our country's traditional social and economic development programs. The money for production is already in our country. What is happening is that the state-owned banks are not financing in the same proportion as they financed at the beginning. This has been one of the changes brought about by this administration. The administration has made state-owned banks more responsible. In order for state-owned banks to be more responsible and reintegrate their loans to the central bank, they have to receive timely payments from the producers. This is part of what you are talking about.

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Part of the money is in the state-owned banks, but another part is in the private banks. Private banks also have sufficient funds to finance production. This is the balance we must maintain. International organizations and the cooperating countries have demanded that we modernize the state. We have to become a responsible country which repays its loans. That also depends on this loan. The $114 million is what the country should normally receive, what has been preconditioned. If we do not receive that money, production will come to a halt. This is the relationship that exists with this loan. The $1.8 billion are for a three-year period, and for all projects.

[Chamorro] I want to add something else. What you have mentioned is true. There are many farms that are not being cultivated because there are no loans. You know very well that when you ask for a loan, you have to repay it. We received a country in which nobody paid, and we want people to pay little by little. Then, we will gladly grant them loans.

[Reporter] Mrs. Violeta, we would like to know if you are aware that approximately 51 workers of the Supreme Electoral Council were kidnapped. I would like to know what you intend to do, if something has been decided?

[Chamorro] Of course, I am aware. I have been told everything that happened. They were kidnapped in the Coco River on the border with Honduras. They are being held on the Honduran side of the border. Talks are under way between Nicaragua and Honduras so that they be returned to Nicaragua, because they are Nicaraguan citizens. I imagine that, perhaps by tonight, everything will be arranged. If not, I will conclude the arrangements with Honduran President Reina, who will visit us for a meeting between the Central American presidents and Dr. Porter, from Harvard, who has been talking with Reina for some time now regarding the future of a united Central America, so that we won't waste so much gunpowder on buzzards, and reach one common agreement.

[Reporter] Does this kidnapping threaten the elections?

[Chamorro] Absolutely not. Don't say that, dear. We do not act like Nicaraguans if we say that. The elections are being carried out freely, and they are an example to the rest of the world. I believe that if something is being done to prevent free, democratic elections, the kind of elections that I have wanted from the beginning, and which is going to held; then, those people who say that there will not be any elections and that they will not be honest, do not love their country.

[Unidentified speaker] Thank you, gentlemen of the press [words indistinct].

Nicaragua: IDB Pledges $1.8 Billion for Country

PA2006235096 Managua Sistema Nacional de Television Network in Spanish 0130 GMT 19 Jun 96

[From the "National Newscast"]

[FBIS Translated Text] In Washington, the consultation group's annual meeting ended on 18 June with a pledge to give $1.8 billion in aid for the 1996-98 period. With this aid, the government of President Violeta Chamorro has guaranteed foreign cooperation for the next government. President Chamorro opened the meeting on 17 June at the Inter-American Development Bank [IDB] headquarters located in Washington.

Presidency Minister Julio Cardenas, who presided the Nicaraguan delegation that participated in the meeting, said that he is pleased with the vote of confidence and the community's acknowledgement of the efforts the Chamorro government has made to strengthen democratic institutions, keep the country stable, and guarantee national unity and reconciliation, as a foundation for a long-term economic and social development.

Minister Cardenas stressed that the government's main challenge is the holding of the upcoming elections in October 1996, in which a democratic and peaceful country, with a lower foreign debt, will be handed over. He also explained that we now have a peaceful and democratic nation. Violeta Chamorro has been a key party in this process as she laid the foundations for national reconciliation, Cardenas pointed out.

IDB Vice President (Nancy Billbag) said that Nicaraguan development process has been unique to the world and called President Chamorro the mother of the three transitions Nicaragua has undergone. One of the donors also said that Nicaragua is undergoing a fourth transition with the October 1996 elections.

Supreme Electoral Council President Rosa Marina Zelaya; Orlando Trejos Somarriba, Supreme Court of Justice president; and National Assembly First Secretary Jaime Bonilla were also members of the Nicaraguan delegation.

Nicaragua: Foreign Minister Leal Interviewed on Mines

PA2106005096 Managua EL SEMANARIO in Spanish 14 Jun 96 pp 14, 15

[Interview with Foreign Minister Ernesto Leal by reporter Edgard Solorzano; place and date not given: "Nicaragua Continues To Be a Mine Field" — first four paragraphs are EL SEMANARIO introduction]

[FBIS Translated Text] Numerous lives have been cut short: children, youths, adults. Many individuals have

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been crippled by mines located in fertile soil, which currently cannot be used for productive purposes, and thus, cannot be used to develop the country.

During the past decade and as result of the civil war, the Army as well as the resistance buried nearly 130,000 mines, most of it in the northern part of the country, the south, and in strategic points located in the interior.

Since 1990 the government, together with the international community, has been involved in several monumental programs to have Nicaragua declared a nation completely free of mines. A special National Army unit advised by the Inter-American Justice Board has contributed tremendously to this task.

During the next few days the international community will be meeting in Nicaragua to discuss the final points of a mine-removal operation program in Nicaragua. To this end, Foreign Minister Ernesto Leal was interviewed by EL SEMANARIO and commented on issues related to the government's ongoing efforts.

[Solorzano] What can you say about what the government has done with respect to this issue of mines removal?

[Leal] The government has been involved since 1990 in the mine-clearing issue. Anti-personnel mines are artifacts that ultimately cripple the individual. These mines were manufactured for war, not to kill soldiers but to cause panic among enemy troops. These mines have caused tremendous damage throughout the world, but in Nicaragua specifically, countless lives have been lost, and there are numerous disabled victims.

[Solorzano] How many mines were buried by 1990?

[Leal] Approximately 130,000. This amount gives us an idea of the extent of the problem Nicaragua has to deal with, in addition to the size of the arable land involved. The mines were buried during the war and since they were manufactured with plastic material, rain and land erosion has cause them to shift positions.

[Solorzano] In this respect, what plans does the Nicaraguan Army have?

[Leal] The Army has prepared some very meticulous plans. Some of these mines were buried by the Army and they have been able to pinpoint their location on maps. On the other hand, the resistance also buried mines and these are more difficult to locate. The resistance would plant mines while withdrawing or as part of a plan, and would not leave any signs near the area where they were buried. These mines are a lot more difficult for us to locate.

[Solorzano] What role does the international community play in this situation?

[Leal] We have turned to the international and through the OAS we were able to reach an agreement with the Inter-American Defense Board (IADB) related to receiving advisory assistance for the Nicaraguan Armed Forces. The IADB will also provide special equipment needed for mine-locating operations.

[Solorzano] What sort of equipment?

[Leal] Equipment to locate mines, as well as others to protect the soldiers involved in this type of operation.

[Solorzano] Were the mines buried only in the rural area?

[Leal] The Army, during the past decade, in addition to planting mines in fields, also placed them around several points they believed to be strategic. For example, around the Central America Electrical Plant, around the high tension towers, bridges, relay stations, and other sites which at the time were deemed to be of strategic value.

The Mines Were Buried Mostly in the Northern Part of the Country

[Solorzano] Of the 130,000 mines or more, how many are still pending to be removed?

[Leal] Approximately 95,000. This is nearly equal to one mine for every 48 Nicaraguan.

[Solorzano] How long will it take to remove all these mines?

[Leal] This is a project that will take more than two years to complete. The funding required fluctuates between $3.5 and 4 million.

[Solorzano] How many men does the Army need to carry out the mine-clearance operation?

[Leal] Approximately 50 Army personnel will be involved in what we might call the first phase.

[Solorzano] You recently took part in the OAS foreign ministers meeting, what were the results of this meeting on the issue of mine clearance?

[Leal] We requested the assembly to include the mine issue in the Panama Declaration.

[Solorzano] What was the intention?

[Leal] To have the resolutions of the Panama Declaration declare Central America a region free of antipersonnel mines. The international community — 34 members and 41 observers — then began to propose definite assistance measures. The representative from the United Kingdom even suggested a $100,000 contribution, and other representatives also expressed their willingness to cooperate with the mine-clearing operation.

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[Solorzano] With respect to this willingness to cooperate, what is the Nicaraguan Foreign Ministry doing as a follow-up?

[Leal] The Foreign Ministry has organized a meeting with possible donors, which is scheduled for 25 June. One of the participants at the meeting will be a Canadian official responsible for the Democracy of American States Directorate, as well as an IADB representative. Nicaragua will be represented by the Army, the External Cooperation Ministry, and the Foreign Relations Ministry. During the meeting, explanations of the problem and its magnitude will be given, and a request will be made of the international community so that we can proceed to close this chapter.

We should keep in mind that even if we declare Nicaragua to be mine free, it may well be that based on the reasons I already explained at the beginning of the interview, there may still be mines left.

[Solorzano] Speaking of Nicaragua as a mine-free region, what proposals have you made to the OAS?

[Leal] We would like to see not only a moratorium declared within the area, but also some sort of total ban declared.

[Solorzano] Which countries have supported the mine-clearing operations since it started in 1990?

[Leal] Argentina, Brazil, Canada, Colombia, Chile, the United States, and Uruguay.

[Solorzano] How much financial assistance was received during that first phase of the operation?

[Leal] Approximately $500,000. Afterward, observer nations such as Germany, Spain, France, Holland, Japan, Sweden, and Switzerland also contributed to the operation. We understand that an agreement has already been signed to continue with the mine-clearing project in Nicaragua and will be ready for implementation in July, or August at the latest.

Panama

Panama: Exploratory U.S. Talks Said Not To Have Resumed

PA2006152196 Panama City Circuito RPC Television in Spanish 2300 GMT 19 Jun 96

[From the "RPC Television News" newscast]

[FBIS Translated Text] The Panama Canal and military bases have been the topic of informal talks between Panama and the United States.

The topic of negotiations between Panama and the United States was the main point of attention at the first news conference held by the new foreign minister at the Foreign Ministry. Ricardo Alberto Arias, accompanied by Deputy Foreign Minister Alejandro Ferrer and Adviser Adolfo Ahumada, have reiterated that the Panamanian Government will not decide anything on this topic before conducting a period of consultations at the national level:

[Begin Arias recording] Exploratory talks have not resumed. It is not true that the topic is off limits. The topic comes up for discussion whenever Panamanian and U.S. officials meet for various reasons. So far, all that has taken place at these informal meetings has been, perhaps, a reiteration of each position of the two countries. There are no formal talks whatsoever, no negotiations of any sort, or any formal discussion on the topic of the possible U.S. permanence here beyond the year 2000. [end recording]

The foreign minister has said his replacement will be appointed very soon but would not confirm that Panama has proposed Eduardo Morgan.

At the news conference, the new foreign minister downplayed the beginning of a commission in Colombia to receive bids for the construction of a new canal to compete with the Panama Canal:

[Begin Arias recording] I believe it is very unlikely any other canal in this continent can compete with the Panama Canal. Even more, it would be much cheaper to build a sea-level canal through Panama or to enlarge the Panama Canal instead of building a canal through any of the other regions. [end recording]

During the news conference, the foreign minister formally presented the deputy foreign minister, who has held important posts representing Panama in Geneva and the WTO.

The "RPC Television News" newscast has learned that Deputy Foreign Minister Alejandro Ferrer also presented his resignation a few days ago to Molirena [Nationalist Liberal Republican Movement] where he even held posts on the board of directors.

Panama: Journalist Criticizes Perez Balladares, U.S.

PA2006214496 Panama City LA PRENSA in Spanish 16 Jun 96 p 47A

[Article by Betty Brannan Jaen: "Between Duplicity and Threats"]

[FBIS Translated Text] After the international media published another article on Wednesday with the purpose of "Samperizing" President Ernesto Perez Balladares, as some government sources say, the president

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reacted with new threats against the people who, according to the government, are the "slandering information sources that harm the country's image."

As the excellent "Behind the Scenes" report pointed out yesterday, with this inappropriate and untimely reaction the president repeated all the errors that I mentioned in my column on Wednesday and added several new ones. These errors not only indicate that the president is not familiar with basic democratic government premises in this information era, but guarantee that the already complicated situation will worsen instead of being solved.

To begin with, those who harm a country's image are those who perpetrate misdeeds and mock the people's confidence, not the journalists who report on the misdeeds. Blaming the messenger because the news is bad is an idea that was recognized as foolish several millenniums ago. In addition, every person familiar with journalism knows that the best way to refute groundless reports is by burying them under a mountain of concrete, irrefutable evidence. For instance, a report accusing OAS Secretary General Cesar Gaviria of all kinds of misdeeds circulated in Washington recently. Gaviria and his advisers did not react by hurling back absurd accusations but by effectively refuting in detail every single charge. As a result, the report died in its cradle.

Similarly, I suggest that Perez Balladares' reaction should have been exclusively to investigate the veracity of the report, not the reporters. If any misdeeds have been committed, if drug money or money laundering have infiltrated the current government, if public officials are involved, no matter how slightly, in a multimillion swindle with narcocriminal shades, it is the journalists' duty to investigate and the people's right to be informed. What President Perez Balladares should have said, instead of threatening the journalists, is that his government would investigate the report to the last consequences, even if only to exonerate fully the persons involved. If there was anything evidently false in the published articles, the best reaction would have been to refute it, one by one, with specific facts.

The second thing that President Perez Balladares should have done is clearly point his finger at the State Department's duplicity in the affair. THE MIAMI HERALD and THE NEW YORK TIMES report that unidentified State Department officials said in private that Major Alfredo Aleman resigned his post as National Bank manager because of the U.S. Government's pressure, a government that in 1995 threatened to "decertify" Panama because of the reported ties between Aleman and a cocaine-transporting enterprise. Because these anonymous reports contradict directly what the highest State Department officials have said in private, it is an evident sign that, with their intolerable and usual duplicity, the U.S. Government officials say one thing in public and a different one in private. In addition, these contradictions confirm that the "certification" process in the counter-drug struggle is completely dishonest. More than the charges against the current government, it is much more important to understand and report that the U.S. Government has not diverted one iota from the duplicity and dishonesty that marked its relations with the dictatorship.

Therefore, I modestly suggest that the president should have said this in a news conference: "During my two years of government, the U.S. Government has certified our full cooperation in the struggle against drug traffic and money laundering, with the warmest congratulations for Gabriel Castro and Ricardo Alberto Arias. In interviews with the Panamanian press, the two top-ranking officials in the Clinton government on drug matters, Robert Gelbard (Assistant Secretary for International Narcotics and Law Enforcement Affairs), and General Barry McCaffrey (drug czar), have said in public that they have no indications that drug traffickers' money infiltrated either my campaign or my government.

"Whenever the articles which appeared recently in the foreign media cite specific facts, my administration will investigate those allegations to the last consequences. However, when these articles cite anonymous sources which, if they exist, arbitrarily contradict what the highest-ranking antidrug officials of the Clinton administration have been saying constantly, my administration will not bother to respond."

Now, the administration and readers have every right to question information based on anonymous sources. However, I must tell you that, though it may be difficult to believe, anonymous sources are the obligatory "modus operandi" in Washington, where government officials seldom allow their names to be used. For example, during the Mutual Legal Assistance Treaty negotiations I interviewed Michael Kozak, the U.S. diplomat in charge of the negotiations, who did not allow me to cite his name. I had to attribute everything said during that interview to "a high-ranking State Department official." The practice is repugnant, and deceives the public, but reporters in Washington have no choice but to accept the fact that the "modus operandi" demands the use of anonymous sources, although reporters sometimes make a slight effort to rebel against this practice. There is a well-known story regarding some comments that former Secretary of State Henry Kissinger made with the condition that his name not be used. The reporter, furious because he could not reveal in his report that his

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source was none other that the secretary of state, described that source as "a high-ranking, corpulent, State Department official, who climbed into a limousine with Nancy Kissinger, after having made these comments."

The use of anonymous sources forces the reader to rely in the credibility of the reporter. The reader does not know if the source really exists, or if the source said what the reporter claims it said, let alone if what the source said is true. In this case, Panamanian readers do not know the foreign reporters involved. That is why it is difficult to measure their credibility. However, I know these reporters. Putting aside the ECONOMIST, the ST. PETERSBURG TIMES, and the MIAMI HERALD, I will limit myself to what I know about Larry Rohter, who wrote the article published in the front page of the NEW YORK TIMES on Wednesday. Only last month I described Rohter in a column as "a veteran reporter who has been writing about Panama for over 10 years." Like me, Rohter covered the Manuel Antonio Noriega trial in Miami. There, I observed that of all the U.S. reporters covering the trial, Larry Rohter was by far the best informed regarding Panama, and a very good reporter who works for a newspaper that is widely recognized as the most prestigious newspaper in the world.

In brief, Larry Rohter is not a reporter who allows himself to be manipulated or who disseminates information which has been "planted". If Rohter wrote that U.S. officials told him that they threatened not to certify Panama if Aleman did not withdraw from the government, it is because that is what he was told. The heart of the issue is, why are these anonymous U.S. officials saying one thing, while Gelbard and McCaffrey are saying something else?

Either Gelbard and McCaffrey have publicly and repeatedly lied, which would mean that the effusive and celebrated certification the United States gave the Perez Balladares administration in 1995 was a dishonest certification in which the colossus of the north concealed many significant facts. This would confirm that the entire "certification" process is a fraudulent exercise which mocks the confidence of the American nations, including the United States. Even more significantly, it would confirm that the government which cannot be considered a "reliable ally" in the fight against drug trafficking is, in fact, the United States Government.

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Argentina

Argentina: U.S. Ambassador Asked To Explain Remarks

PY2006170696 Buenos Aires NOTICIAS ARGENTINAS in Spanish 1114 GMT 20 Apr 96

[FBIS Translated Excerpt] Buenos Aires, 20 Jun (NA) — The Chamber of Deputies again seriously lashed out at U.S. Ambassador James Cheek, this time unanimously approving a draft declaration that "urges the executive branch" to summon the diplomat to explain his remarks concerning the patent law.

The draft declaration also rejects, "in every aspect," the expressions by Cheek yesterday during a seminar sponsored by the Argentine Industrial Union. During the seminar, the ambassador brought up the issue involving the controversial pharmaceutical invention patent law, emphasizing: "With this law, there will be no foreign investments in Argentina."

The draft declaration was sponsored yesterday by Justicialist Party Deputy Humberto Roggero, Chamber of Deputies Industry Committee chairman, who strongly lashed out at the diplomat. He even stated: "it is time to end submission to and dependence on" the United States.

The challenge was quickly taken up by the opposition through Radical Civic Union Deputy Federico Storani, Front for a Country in Solidarity Deputy Carlos "Chacho" Alvarez, and Progressive Democratic Party Deputy Alberto Natale.

Storani proposed summoning Foreign Minister Guido Di Tella, but ultimately the deputies chose to file a petition for the government to ask James Cheek to explain his remarks.

The draft declaration was drawn up by the Chamber of Deputies bloc leaders during a five-minute recess that served to iron out some differences. One of these differences involved Roggero, who unexpectedly attempted to include in the Chamber of Deputies repudiation the U.S. companies that are operating in our country — especially IBM.

Roggero's proposal raised strong contentions, but his idea was rejected so as "not to involve an ambassador who is lobbying for the interests of U.S. laboratories, with other issues that are being investigated by the courts." [passage omitted]

Argentina: People's Hesitation To Obtain Loans Viewed

PY2006230096 Buenos Aires CLARIN in Spanish 10 Jun 96 p 16

[By Luis Varela]

[FBIS Translated Text] The financial sector is trapped in a situation that is hard to solve. As if they were taking part in a play entitled "Blocked Money," the three protagonists of this story (the banks, the haves, and the have-nots) swap roles but the money still does not circulate and the reactivation process becomes difficult.

The past months of the credit market can be divided into two phases:

— Late 1995:

1. The banks had recovered liquidity but could not find reliable clients to loan money to.

2. The people who could pay back loans did not obtain them because they were still honoring debts contracted during the 1992- 1994 boom [preceding word in English].

3. The people with a low income or an unreliable source of income, as usual, were pressed to obtain money but were not considered reliable clients by the banks.

— Present:

1. The banks are full of money. So far this year deposits in financial enterprises have increased by approximately 15 percent while the amount of money loaned only increased by less than 5 percent. This has forced the banks to lower their interest rates (they are currently at the lowest level of convertibility plan) and to lower their requirements in the search for trustworthy clients.

2. The people with an average or high income are now finishing paying installments on loans contracted three years ago but are still far from generating a demand similar to that in 1993.

3. The people with a low income have access to some loans but — for the time being — they are not significant.

In sum, the financial system today has lower interest rates, broader offers, longer terms, and less strict requirements, but the people still refuse to obtain loans.

According to a poll conducted by the Systematic Study of Commissioned Services, 69 percent of a group of people consulted said they were not interested at all in obtaining a loan, 18 percent said they were interested but preferred to make a decision later on, and only 11 percent said they had decided to contract a debt.

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These figures are quite different to those in 1994: When nobody dreamt about the tequila effect, 26 percent of the people polled — that is double of number of people today — were determined to obtain loans from financial enterprises.

Why did 69 percent of the people polled now say they were not interested at all in obtaining a loan. The following are the various reasons for this:

— 26 percent would rather not go into debt out of fear of what could happen to their personal economic situation in the future.

— 15 percent have their doubts about the country's future economic situation.

— 14 percent reject bank loans out of fear of losing their job in the short or medium term.

— 8 percent have no confidence in the banks' safety.

— 7 percent fear a new inflationary outbreak.

— 5 percent have their doubts about the banks' attractive proposals.

— another 5 percent fear the country's overall unemployment rate will continue to rise.

— and 3 percent do not make a decision out of fear of a possible devaluation.

Although there is no reliable information on the fears the people had before the tequila effect, the bankers maintain that the reasons that prevent people from becoming indebted have changed considerably. Before the tequila effect the main fears were the country's future situation, the safety of the banks, or a possible devaluation. Currently, 40 percent of the people's fear has to do with their personal economic situation, which includes not only the assets each of them own but basically what will happen with their jobs in the future.

Argentina: 'Uncertain' Future Said To Slow Borrowing

96SM0387A Buenos Aires CLARIN in Spanish 10 Jun 96 p 16

[Article by Luis Varela: "People Do Not Want To Borrow From Banks Due to Fear of the Future"]

[FBIS Translated Text] *Despite the lowest interest rates of the convertibility period potential borrowers are not coming forward. The risk of job loss and uncertainty over their future economic situation are slowing their decisions to borrow. This is complicating recovery.*

The financial industry is trapped in a labyrinth with a very difficult solution. As if they were characters in a play entitled "Blocked Funds," the three protagonists of the story (the banks, people with money, and people without money) move around, but the money is still not moving and recovery is becoming more difficult.

The last several months in the credit market can be divided into two phases:

Late 1995

- (1) The banks had recovered their liquidity but were not finding reliable clients to whom to lend money.
- (2) People able to repay were not borrowing because they were repaying debt contracted during the 1992-94 boom.
- (3) People with low incomes or with incomes from the underground economy needed money urgently—as always—but they did not qualify with the banks as reliable borrowers.

Today

- (1) The banks have lots of money. Deposits have increased more than 15 percent so far this year, while the amount of money loaned out has increased by less than five percent. This has forced the banks to lower interest rates (they are now at their lowest levels since the advent of convertibility) and to lower requirements in the search for suitable clients.
- (2) Middle and upper income people are beginning to finish paying off their debts contracted three years ago, but are still far from generating a level of demand like that of 1993.
- (3) People with low incomes have access to some limited borrowing, but these cases—for now—are not representative.

What Is Going On?

The financial system today has low interest rates, ample funds, longer terms and less demanding requirements, but people continue to be reluctant to borrow.

According to a survey by the Systematic Study of Commissionable Services, 69 percent of the total number of persons contacted are completely uninterested in obtaining credit, 18 percent said they are interested but prefer to make their decisions at a later date, and only 13 percent said they want to borrow. These numbers are very different from those of 1994; when no one was dreaming of the tequila effect, 26 percent of those consulted—twice the current number—said they wanted to borrow money.

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What are the reasons for the current 69 percent to be totally uninterested in borrowing money? There are several:

- Twenty-six percent prefer not to borrow because of concern over their personal economic future;
- Fifteen percent are concerned over the country's economic future;
- Fourteen percent do not want to borrow because they fear they may lose their jobs in the medium or short term;
- Eight percent do not trust the stability of the banks;
- Seven percent fear the possibility of an inflationary upswing;
- Five percent distrust the seductive proposals of the banks;
- Another five percent believe that total unemployment in the country will continue to grow;
- Three percent are putting off a decision to borrow for fear of a possible devaluation.

While there are no reliable measurements of the concerns that existed before the tequila effect, bankers say that the reasons for resistance to becoming indebted have changed considerably. Before the tequila effect, principal fears involved the country's future, bank stability, or a possible devaluation. At present, 40 percent of this resistance is due to uncertainty over one's personal economic situation, which includes not only personal wealth, but basically what will happen with one's job.

Finding a Way Out

CLARIN asked eight bankers how to find a way out of the "money blockage." They all agreed on the need to change the mood of the public, to maintain a prospect of stability, and to eliminate the budget deficit. These were their proposals:

- "Changing borrower resistance is more a task for sociologists than for bankers," Daniel Llambias (Galicia).
- "To bring back basic demand the people's mood must change, and for that to happen, there must be a good reason," Julio Gomez (ABRA [Argentine Banking Association]).
- "The political-economic situation will have to preserve a prospect of stability and prosperity that causes people to feel confident and take on debt," Santiago de Paul (Boston).
- "The availability of credit will have to increase, with inflows of capital or more deposits (and for longer terms). But this will happen only if the budget deficit situation improves," Carlos Perez (Quilmes).
- "The people must have trust. No bank wants to end up owning goods that were bought on credit," Juan Carlos de la Vega (Provincia).
- "It is up to the banks to get people to borrow again. Banks must convince the public that they will continue in the business of personal banking, and that they are not doing it today just because there is so much liquidity," Pedro Hermelo (Buen Ayre).

[Box, p 16]

What Worries Potential Borrowers

Personal economic situation: 26 percent
Country's economic situation: 15 percent
Personal job situation: 14 percent
Bank security: 8 percent
Inflation: 7 percent
Country's employment situation: 5 percent
Bank loan offers: 5 percent
Devaluation: 3 percent
Did not reply: 17 percent

[Box, p 16]

The Color of Money

Period	Do Not Want Loan	Would Accept Loan	Want Loan But Will Wait
One Month Before Tequila	66 percent	26 percent	8 percent
One Year Ago	74 percent	0	26 percent
Today	69 percent	13 percent	18 percent

Argentina: Antarctic Cooperation Treaty With New Zealand

PY2006164296 Buenos Aires NOTICIAS ARGENTINAS in Spanish 2248 GMT 19 Jun 96

[FBIS Translated Text] Buenos Aires, 19 Jun (TELAM) — Argentina and New Zealand have signed an Antarctic Cooperation Treaty on legal, political, and scientific issues. Through this treaty, the two countries express their decision to coordinate scientific-technological actions in Antarctica.

The Foreign Ministry reported that the treaty was signed within the framework of a visit by Philip Burdon, New Zealand trade negotiations minister, to Argentina.

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The treaty establishes that the two countries "express their desire to explore the possibilities of coordinating their policies, to the extent possible, at the international forums involved in Antarctic issues."

The treaty, signed by the New Zealand trade negotiations minister and his counterpart [as received], Guido Di Tella, endorses the "participation of scientists and technical experts of the national Antarctic programs of both countries."

The treaty will promote "the exchange of scientific and technical personnel, conferences and workshops, and joint publications, as well as the joint use of national facilities in Antarctica, those related to Antarctica, and personnel training."

The treaty ultimately establishes that "each side will defray the costs of its participation" in the scientific projects.

Bolivia

Bolivia: News Summary for 18 Jun

96CA0212A (Internet) Bolivian Social Communications Ministry WWW in Spanish 18 Jun 96 Morning Edition

[From the Computer Services Network of the Bolivian Social Communications Ministry http://utama.bolnet.bo:80/mcs/matind.htm]

[FBIS Translated Excerpt] [passage omitted]

Political News

Disagreements on 'Sobredietas' Persist

Partisan and judicial disputes among the parties represented in Parliament have prevented the Chamber of Deputies from reaching a "solution for the 'sobredietas' [congressional corruption scandal in which deputies tried to lengthen their government service time to qualify for larger longevity bonuses] issue." While the government coalition says the 22 deputies implicated should be turned over to the normal judicial system, MIR [Movement of the Revolutionary Left] and ADN [Nationalist Democratic Action] oppose this position, charging that it is a political maneuver. In the meantime, CONDEPA [Conscience of the Fatherland] is keeping a close watch from the sidelines.

After the government coalition, composed of MNR [Nationalist Revolutionary Movement], MBL [Free Bolivia Movement], UCS [Solidarity Civic Union], and MRTKL [Tupac Katari Revolutionary Movement of Liberation] agreed to set aside the decision by the president of the Chamber of Deputies, Guillermo Bedregal, to have the case of 18 of the deputies implicated in the scandal sent to the Constitution Commission for a new investigation, they presented a draft Chamber Resolution to the opposition, which the opposition, in particular MIR and ADN, have practically rejected.

Aranibar's Position on 'Sobredietas'

The "consensus" solution which the government coalition proposed in the "sobredietas" case is the most reasonable option to ensure that there will be no coverup protecting the deputies who received illegal payments, said the foreign minister and head of the MBL, Antonio Aranibar.

Aranibar stated that this problem has been creating extraordinary tensions in the political system. He said that the official agreement will clear the way for a definite resolution to the conflict. [passage omitted]

U.S. Antidrug Aid Increasing

Even if the U.S. Congress approves only $150 million in antidrug aid for the next fiscal year, that still exceeds the U.S. $113 million for the 1995-96 fiscal year, said U.S. Ambassador Curtis Kamman. He explained that the report that the U.S. Congress had approved only $150 of the US $213 sought by the Clinton administration for the antidrug effort actually refers only to the House. "So there is a chance that the Senate may increase the antidrug funding." [passage omitted]

Arms Purchase by Patriotic Accord Government

Defense Minister Jorge Otasevic testified in the Senate that the arrangements for the purchase of arms from Argentina were made with the knowledge of the ADN-MIR Patriotic Accord government. MIR Senator Leopoldo Lopez then accused him of being used by the head of the MBL, Antonio Aranibar.

Otasevic reported on the 1990 attempt during Jaime Paz Zamora's administration to purchase military materiel from Argentina's Military Industries enterprise in the amount of U.S. $51.6 million.

Social News

Salas: COB Must Oppose Sellout of Nation

Trinidad. The leader of the COB [Bolivian Labor Federation], Oscar Salas Moya, called on the workers to remain united and to strengthen the union organization because this organization "has the unshakeable duty to oppose the policy of selling off the nation and impoverishing the people" in general.

In his speech opening the COB's 11th National Congress, Salas criticized those who claim it is necessary to change the labor organization. He declared that the

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COB "will emerge united and strengthened" from this Congress.

Fear of Splits in COB

Trinidad. The 11th National Congress of the Bolivian Labor Federation, which encompasses all of Bolivia's unions, opened in the Amazon basin city of Trinidad amidst the crisis which has been affecting all the workers, and with two candidates competing for the federation's leadership, which could disrupt the group's traditional unity.

Tarija Campesinos Oppose Reelection of Salas

Tarija. The top campesino leader, Concepcion Sanchez, has charged that the MNR and MBL government parties are desperate to keep the leadership of the COB under their control "by any means possible," using as their leader Oscar Salas Moya, who at every difficult moment for the workers "has claimed to be sick so that he would not have to do battle against the government."

Sanchez warned that the strong PR campaign in favor of Salas Moya demonstrates this wheeling and dealing by the government. This is similar to what happened 2 years ago at the Tarija Congress when the minister of labor himself prepared the slate of COB leaders in the former Prefectural Hotel. [passage omitted]

Government-Coca Growers Talks Postponed Until July

The talks between the coca growers of the Yungas of La Paz and the government have been postponed until after 4 July, in order to enable the campesino leaders to attend the COB Congress being held in the city of Trinidad.

The national secretary for social protection, Victor Hugo Canelas, said that the postponement request was made verbally by the union members.

Economic News

ENRON Negotiations

The government's negotiations with the gas transport company ENRON have now been turned over to Secretary of Energy Mauricio Gonzalez, since the chief negotiator, Minister of Economic Development Jaime Villalobos, has gone to Australia.

It is believed that the negotiations are experiencing some difficulties, as they are being passed from one person to another, while the project to build the gas pipeline to Brazil remains under discussion and awaiting decisions.

Fewer Than 22 Companies to Compete for YPFB Privatization

A total of 22 companies interested in the privatization of YPFB [Bolivian Government Oil Deposits] attended the two information sessions so that they can present their economic proposals in the final phase, although not all of them will do so, predicted the president of the state petroleum company, Arturo Castanos.

He said that initially 38 companies expressed an interest in investing in YPFB, but of them 22 qualified and attended the information sessions, after payment of a bid deposit fee of $80,000.

YPFB Renegotiating Contract and Financing

YPFB hopes to work out a new gas sales contract with Argentina in July and to complete the entire financing package for the gas pipeline to Brazil, and to make the official announcement on 17 August, said the head of the state petroleum enterprise, Arturo Castanos.

He explained that the sales contract with Argentina is being renegotiated and they expect to complete the negotiations in July, certainly on the same terms, even though the volumes, price, and caloric quantities need to be determined. [passage omitted]

Bolivia: News Summary for 19 Jun

96CA0194A (Internet) Bolivian Social Communications Ministry WWW in Spanish 19 Jun 96 Morning Edition

[From the Computer Services Network of the Bolivian Social Communications Ministry http://utama.bolnet.bo:80/mcs/matind.htm]

[FBIS Translated Excerpt]

Editorials [passage omitted]

PRESENCIA

Foreign Debt Crisis Looms

Once again we are apparently nearing our debt ceiling. As we are not the only such case, the World Bank and the International Monetary Fund are meeting to prepare proposals to forgive part of these debts. Even though officials responsible for this sector are not alarmed, everything does suggest that we are on the point of entering a new debt crisis which could even affect our presently prevailing economic model. [passage omitted]

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Front Page News Briefs [passage omitted]

'Sobredietas' Case Becoming Chaotic

Yesterday the opposition parties charged that the government coalition has engaged in an overt coverup of corruption in the 'sobredietas' [congressional corruption scandal in which deputies tried to lengthen their government service time to qualify for larger longevity bonuses] case, because the coalition parties cancelled the first resolution worked out with the opposition and drafted another which will be submitted today to the full Chamber of Deputies. Minister of Justice Rene Blattmann justified the change, according to which the 22 deputies implicated will be turned over to the regular courts, which will then have to determine their fate. [passage omitted]

Political News

'Sobredietas': Noon Pact Collapses in Afternoon

Members of the government coalition in vain sowed hopes of resolving the conflict created by the 'sobredietas' case, when they proposed an agreement at noon yesterday and broke it later in the afternoon.

After meeting with the leaders of all the parties represented in Parliament, the president of the Chamber of Deputies, Guillermo Bedregal, announced with a lot of fanfare that a political accord had been worked out. According to this agreement, eight of the deputies were to resume their parliamentary duties and the remaining 14 would be turned over to the regular judicial system. [passage omitted]

Social News [passage omitted]

Coca Growers Threaten Use of Force

Cochabamba. "We want to give notice to the government that we are defending our sovereignty and we are surviving in this region of the nation. If armed uniformed personnel take action to eradicate our coca crops by force, that action may lead to an uprising with consequences which no one can imagine," warned Fidel Moreira, the coca-growers leader in Isiboro-Secure National Park.

"It will be very difficult for them to eradicate our coca crops by force, because the majority of the people who live in the park come from mining areas or campesino communities hurt by the drought, and we even have people from indigenous communities," said the coca leader, responding to the possibility that the coca planted in Isiboro-Secure National Park might be eradicated by force. [passage omitted]

Economic News [passage omitted]

YPFB Privatization Date Will Not Be Changed

The national secretary for privatization, Edgar Saravia, reported that the date for the privatization of YPFB [Bolivian Government Oil Deposits] will not be changed, and will take place on 28 June as scheduled.

"According to the schedule the date is 28 June and there is no reason to postpone it. We have been informed that we have been able to get 70 percent of the workers to take part in the privatization meetings, and these are the people who have decided to acquire shares in the enterprise." [passage omitted]

Bolivia: Editorial Views Future Role of Armed Forces

PY2106014396 La Paz LA RAZON in Spanish 12 Jun 96 p A5

[Editorial: "Future Role of the Armed Forces"]

[FBIS Translated Text] Over the past few years, the Latin American Armed Forces have stopped playing their decades-long, traditional role in our region: anticommunist and countersubversive surveillance, coups d'etat, and protecting their respective countries against foreign aggressions.

Three elements affected these functions: the arrival of democracy in the 1980's, the collapse of communism as a government system, and the virtual absence — except for isolated cases — of potential aggressions among countries in our region.

If communist subversion and actual possibilities of international aggressions do not exist any longer, and coups are not as easy, what role should the Armed Forces play in these changing times? This question has been raised by many scholars for more than one decade.

The response, which was vaguely hinted at at that time, is becoming increasingly clearer.

During a forum of Ibero-American journalists, which was held a few days ago in La Paz, two proposals on two different issues pointed out — although tangentially — the role to be played by military personnel, with an increasingly specific goal: guardians of the environment.

The journalists arrived at this conclusion because the Armed Forces alone have the physical possibility of reaching otherwise inaccessible regions and the legal power to administer the physical violence that will eventually be required for deterring or evicting gold panners and many other predators of renewable natural resources.

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A journalist participating in the forum stated that only through the use of force by the state was able to stop the killing of Brazilian indigenous people living in the jungle by gold prospectors, for whom the laws merely represent abstract standards written down on paper received from extremely remote cities.

Bolivia: Cuba Opens Local Market to 80 Bolivian Products

PY2006145796 La Paz LA RAZON in Spanish 12 Jun 96 p B2

[FBIS Translated Text] Bolivia and Cuba yesterday signed a commercial and trade agreement that includes a list of 80 products that will not pay duties in Bolivia or Cuba. Raul Taladrid, Cuban deputy minister for foreign investments and economic cooperation, visited the country to close the agreement.

Beyond the trade exchange, the agreement stresses a bilateral desire for mutual investments. The diplomat admitted that Bolivia and Cuba do not have the capacity to invest in currency, but they can consolidate opportunities to promote commercial projects.

The diplomat explained: "We reached an agreement with Mexican entrepreneurs. We do not have surplus capital to invest, but we can look for business opportunities."

Bolivia: Cuban Support in Search for Sea Outlet Noted

PY2006213296 La Paz PRESENCIA in Spanish 11 Jun 96 p 8

[FBIS Translated Text] During the opening of the meeting of the Second Bolivian-Cuban Mixed Committee, Bolivian Foreign Ministry under secretary Eduardo Trigo noted the support Cuba grants Bolivia in its search for a sovereign outlet to the Pacific Ocean.

He said: "I must point out the significant support granted by the Cuban Government to the efforts to find a political and negotiated solution to the problems that subsist in the region, in particular, the support granted to Bolivia in its search for a useful and sovereign outlet to the Pacific Ocean."

The Second Mixed Committee started its meetings yesterday afternoon and will continue until 1830 today. Before the closure the representatives of Cuba and Bolivia will sign the final act that will summarize the conclusions of the event.

The purpose of the meeting is to strengthen bilateral relations in order to step up existing friendship and cooperation ties.

During the meeting the representatives will define a scientific-technical cooperation program between Bolivia and Cuba with the purpose of seeking to balance natural resources, environment, and sustainable development.

Raul Taladrid, Cuban foreign investment and economic cooperation vice president, and Cuban ambassador Carmen Elena Herrera, arrived in La Paz to represent Cuba at the event.

Under Secretary Trigo mentioned the need for Bolivia and Cuba to cultivate and promote the "Pan-American spirit" as part of the integration and cooperation feeling that propels the hemispheres' relations.

Trigo commented: "I am certain that cooperation between our nations will help solve the problems of poverty and underdevelopment, through joint research, pinpointing the problems, and implementing reciprocal cooperation in various areas of shared interest."

Bolivia: Coca Union Head Refutes U.S. Envoy's Remarks

PY2106015696 La Paz Radio Cadena Nacional Network in Spanish 2300 GMT 20 Jun 96

[FBIS Translated Text] Bolivian peasants have refuted U.S. Ambassador Curtis Kamman's statements regarding surplus coca plantations in the Yungas region in La Paz.

During the past three weeks the U.S. ambassador has voiced his concern over the existence of surplus coca plantations in that region of La Paz.

The General Trade Union Confederation of Bolivian Peasant Workers, CSUTCB, asserted that those plantations do not surpass 9,000 hectares.

Juan Wanca, CSUTCB secretary for coca affairs, refuted the ambassador:

[Begin Wanca recording] We are obviously well informed. He made comments in May, and I believe he made another comment in the past few months that in the Yungas region of La Paz coca plantations exceed 12,000 hectares. However, we wish to inform the public, and especially the government and the ambassador, that we estimate that currently the quantity of coca plantations in the Yungas region do not even reach to 8,000 hectares. Why? Because we might have reached 8,000 or 8,500 hectares but we have also been victims of eradications, we have suffered under MNR [Nationalist Revolutionary Movement] administrations that came after Victor Paz Estenssoro. [end recording]

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According to Law No. 1008 the Yungas is a region where coca plantations are traditional and legal. According to this law, up to 12,000 hectares may be planted in this area.

Brazil

Brazil: Government Tries To Compensate for U.S. Barriers

PY2006205596 Sao Paulo GAZETA MERCANTIL in Portuguese 17 Jun 96 p A4

[By Maria Helena Tachinardi]

[FBIS Translated Text] Eight months after President Bill Clinton and Fernando Henrique Cardoso received from their governments a five-page report recommending concrete action to promote U.S.-Brazilian exchange, no practical measure has yet to be adopted.

Last week, U.S. Undersecretary of Commerce Stuart Eizenstat delivered a message in Brasilia: the commercial restrictions on Brazilian products will be resolved only with the creation of a Free Trade Area of the Americas, as of 2005.

This long-term commercial liberalization prospect includes orange juice, tobacco, textiles, and sugar. The products that might benefit in the short term are fruits, vegetables, chicken, and beef, after the signing of a bilateral cooperation agreement in the sanitary and plant health areas.

Industry, Commerce, and Tourism Minister Francisco Dornelles last week said that such an agreement "is being considered." The sale of Brazilian chicken and beef remains banned in the United States because of sanitary barriers, he recalled.

Brazil also wants progress in the iron and steel sector. "The two countries are discussing a methodology for calculation of the antidumping duties that can harm Brazilian exports, Jose Alfredo Graca Lima, chief of Itamaraty's Economic Department, has said. He does not believe a solution will be found to the high tariff ($477 per tonne) applying to orange juice. "There is no negotiation haven for orange juice," he said.

The government estimates a yearly loss of approximately $1.5 billion caused by the obstacles (sanitary barriers, high tariffs, and antidumping duties) faced by Brazilian products on the U.S. market. This figure is similar to the trade deficit that Brazil registered with the United States in 1995 ($1.6 billion).

In the opinion of the Clinton administration, the deficit is caused essentially by Brazil's lack of competitiveness with respect to other exporters. Brazil would have to concentrate its exports in "other products" that can generate revenues without facing obstacles. This what U.S. deputy representative of commerce Peter Allgeier said on 12 June, during a Brazil-U.S. Council seminar in Sao Paulo. "We would have to totally change the Brazilian economy," said Graca Lima, who also attended the seminar. Brazilian shoes are reportedly being displaced in the U.S. market by Chinese competitors, "but in the United States people also say that Chinese shoes are imported for free, which is true. However, we are aware that shoe tariffs are above the average," Graca Lima said.

Tariffs in the United States are low, zero in case of the General System of Preferences (SGP), and variable, like the 350-percent tariff applying to tobacco, Graca Lima said.

Brazil: Government Deems Need To Expand Exports 'Priority'

PY2106014896 Sao Paulo O ESTADO DE SAO PAULO in Portuguese 13 Jun 96 p A3

[Editorial from the "Notes and Information" page: "Eliminating Provisions About Exports From the Constitution"]

[FBIS Translated Text] Now that the new planning minister and the industry, commerce, and tourism minister have been incorporated to the economic team, the need to expand exports has again become a priority for the administration. As a matter of fact, as the administration still demands a certain monetary austerity, a well controlled level of inflation, and a continued economic opening — accompanied by the need to strengthen the economic growth rate — we realize that by expanding exports we will achieve the objective sought by the three aforementioned goals.

Until recently, the administration believed that the growth of our exports depended on a profound reorganization of the national tax system, of double taxing on added value and, particularly, on the elimination of the so-called cascade tax. Minister Antonio Kandir is aware, however, that the plans to increase exports cannot depend on a constitutional reform, which is proving to be slow and difficult to approve. Therefore, he plans to adopt measures aimed at stimulating the exporting area, without hitching these measures to a constitutional reform. In Kandir's opinion, it would be better to take a step ahead, even if this represents a partial solution, than to wait for a questionable Congressional decision in order to achieve the ideal solution. As a matter of fact, all-encompassing measures are feasible and they can be implemented independently from constitutional amendments and without affecting monetary expansion. It must be pointed out that an escalation of exports, at

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this stage, is linked to two goals: Favoring an increase in production based on external demand (i.e., without inflationary effects), and keeping the trade balance equilibrium, because we know that any increase in the growth rate will always represent an increase in the number of imported products.

According to exporters, our package of stimuli to exports is lacking a credit insurance and more resources for financing of our sales abroad. The federal administration believes that it is possible to obtain funds from the Inter-American Development Bank [IDB] in order to meet these needs. In addition, the private banks can take some of these risks with the support of the National Bank for Economic and Social Development, the risks of which will be covered by the IDB.

It is also believed that, without waiting for the tax reform (even if this reform becomes a priority in the federal administration's political agenda), it will be possible to downsize the "Brazil cost" by putting an end to the excessive number of rules in force for the area. This would mean reducing from 18 to seven the number of taxes charged on port shipments. The federal administration believes that the process of privatizing the railways, which is currently underway, will contribute very much to the objective of reducing costs. All that has been lacking is the executive branch's clear political will to implement these measures.

Brazil: Arab Group Says Iraq To Try To Sell Oil to Nation

PY2006163096 Sao Paulo AGENCIA ESTADO in Portuguese 1932 GMT 19 Jun 96

[Report by Milton F. da Rocha Filho]

[FBIS Translated Text] Sao Paulo, 19 Jun (AE) — Returning from a trip to the Middle East, businessman Rezkalah Tuma, a member of the Federation of Arab Organizations in Brazil (Fearab), reported that an Iraqi delegation will come to Brazil during the second half of the year to try to sell oil to Brazil, resuming the trade that was interrupted before the Persian Gulf War.

Tuma said that during the trip of Fearab businessmen to the Middle East, cultural agreements with several Arab universities were signed. The idea for this year is close export deals to that region worth about $1.5 billion. This is a slight increase on the $1.2 billion exported to the region last year.

Tuma trades heavily with the Middle East, with exports through his trading company Acropole. He said Brazil could achieve at least $5 billion worth of goods to the region. He said the Arabs import budget this year amounts to $200 million [figure as received], adding that absurd deals do take place, like the importation of 20,000 palm trees from Thailand and Malaysia, and a ship load of earth in which to plant them. This was purchased by the United Arab Emirates.

Tuma said the Iraqis are coming to buy more medicines and food from Brazil and in exchange they intend to sell oil, now that they have obtained U.N. authorization to do so. Nowadays, 40 percent of Brazilian exports to the Arabs go to Saudi Arabia. Tuma said the Arabs' current ranking of imports is as follows: First, the United States with 23 percent; second, the United Kingdom with 12 percent; third, France with 11 percent; fourth, Germany with 9 percent; and fifth, Japan with 8 percent. Brazil is way down at the bottom with 1.2 percent.

Brazil: New Reform Implementation Strategy Adopted

PY2006163996 Sao Paulo O ESTADO DE SAO PAULO in Portuguese 17 Jun 96 p A5

[Article by Ricardo Amaral]

[FBIS Translated Text] Brasilia — The government's congressional support base is adopting a new strategy for the structural reforms, on instructions from President Fernado Henrique Cardoso. He wants to avoid opposition to the constitutional amendments, as O ESTADO reported yesterday.

The tax reform, for example, will be accomplished through supplemental draft laws, reducing the tax burden on export products and on some manufactured products. A constitutional reform will be used only to create a compensation fund for states whose revenues will drop with the new laws.

"It is the right strategy," PFL [Liberal Front Party] President Jorge Bornhausen has said. "It does not mean a retreat but an adjustment to the political situation." The important thing, Bornhausen said, is that the president signaled that the reforms will continue, even with other legislative instruments. Bornhausen said the PFL is analyzing the alternative tax reform proposals by Planning Minister Antonio Kandir.

Competitiveness — Deputy Benito Gama (PFL-BA) [Liberal Front Party-Bahia], the government leader in the Chamber of Deputies, still insists on the approval — through an amendment — of a mechanism giving the Senate more power to establish ICMS [Goods and Services Movement Tax] percentages. He said other modifications should be made through mechanisms beside the constitutional amendments. To this end, beside the supplemental draft laws, the government can resort to decrees and provisional measures. In the opinion of party leaders, the compensation fund for the

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states will be easily approved by Congress, because this initiative favors governors.

Cardoso is willing to grant Treasury funds to states if this will make Brazilian products more competitive. The president said: "In this case, calculations are not simply mathematical." He added: "It is not a matter of calculating how much one sector may lose, but of checking the inductive effects on the economy." The president believes that even if the compensation causes an apparent loss to the Treasury, the economy will win through a reduction in production and export costs.

The president wants to reduce the scope of the administrative reform. Deputy Moreira Franco (PMDB-RJ) [Brazilian Democratic Movement Party-Rio de Janeiro], administrative reform rapporteur, has produced a text that government political leaders believe is too complex. The proposal affects taxation, social security, and even judicial branch areas, thus becoming a complicated issue. The president prefers to reduce the amendment to three items: stability, a salary ceiling for public servants, and accumulated salaries.

Deputy Michel Temer (SP) [Sao Paulo], a PMDB leader, was "chosen" to convince Moreira Franco to "simplify" his proposal. If necessary, President Cardoso will talk with the rapporteur.

Alternatives — What the government can do, according to specialists, without reforming the Constitution.

Personnel expenditure reduction — It is possible to take court action against salary adjustments or benefits created by laws or lower court decisions that are considered wrong. The government can also dismiss servants without job stability, who are still numerous.

Control over States — The Constitution limits personnel expenses to 60 percent of net revenues, and Planalto Palace can compel the states to enforce the law, despite the fact that it will come into force in December 1997. In this case, the states will spend to the allowed limit and owe the rest to their servants, thus avoiding violating the principle that salary payments may not be canceled.

Intervention — A more drastic measure would be to simply order intervention in the states (and municipal districts) that do not pay their debts. The Union would no longer finance their debts, and would be compelled to control their expenses.

Privatization and Concessions — In this area, nothing depends on constitutional amendments. The effects would be more efficient telecommunications, more reliable highways, and cheaper port operations. The government only needs to establish clear and stable rules to encourage local and foreign investors.

Reducing the Burden on Exports — Based on Article 155 of the Constitution, the government can regulate the exemption of the ICMS applying to operations with manufactured or semi-manufactured products. The bill drafted by former Deputy Antonio Kandir can be facilitated by the now Minister Antonio Kandir. To approve the law, an absolute majority will be needed, which is considerably smaller than the two thirds requested by any Constitutional reform.

Auditing — Jurist Ives Gandra advocates thorough auditing in all public service contracts. The work might be done by specialized enterprises or political parties, which can investigate all the purchases made and the works by state-run companies and official organizations.

Brazil: Central Bank Buys Up 'Rotten Currency'

PY2006164396 Rio de Janeiro Rede Globo Television in Portuguese 1030 GMT 20 Jun 96

[Commentary by Ana Paulo Padrao]

[FBIS Translated Text] The Central Bank [BC] is helping the financial system by two ways: One is clear and open, through the PROER [Program to Encourage the Reorganization and Strengthening of the National Financial System], and the other is by helping behind the scenes. The BC has bought some of the worst of the bad papers on the market: The difference between what housing loan borrowers pay and the cost of the housing loan operation. This small helping hand has cost nothing less than 17 billion reais [R].

This is fine if the BC is convinced that it is necessary to help the banks, because when the financial system has problems the whole country has problems. However, wouldn't it be better to openly assume this responsibly and provide the assistance openly?

Without telling anyone, over the past few months the BC relieved the financial system from a heavy liability. It has bought R17 billion worth of rotten currency [moedas podres] from all the large banks. That is, the BC exchanged cash for worthless certificates from the FCVS [Compensation Fund for Salary Variations].

What is the FCVS? It is a fund created to resolve the problems within the housing loan financing programs. The problems revolve around the difference between the housing loan costs and the repayments by borrowers. Over the years, this liability become a monster. The administration has been seeking a solution to resolve the FCVS and extend the repayment terms.

Now a measure to resolve the FCVS problem is almost ready, it is no longer necessary. The BC has already relieved the financial system from this liability. At least

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that is what it looks like, and it is the version that will prevail in the market until the BC gives an explanation — if there is an explanation.

Brazil: 1st Social Security Reform Voting Round Ends

PY2006164496 Rio de Janeiro Rede Globo Television in Portuguese 1030 GMT 20 Jun 96

[FBIS Translated Excerpt] The first voting round of the social security reform has concluded in the Chamber of Deputies. The social security system was not reformed, and the deputies, public employees, and public companies employees maintain their privileges. The lower house will nonetheless debate again the Social Security Institute for Congressmen, IPC — the retirement pension system for congressmen — which could be eliminated.

While everyone speaks of cutting privileges, the deputies chose not to cut their own, but to maintain them. The whole house stood to observe the vote on the extinguishment of the IPC.

A separate article on the elimination of the IPC was presented by the opposition. It was the subject of the last day of voting of the social security reform in the lower house. This controversial subject even split the government support base. The PSDB [Brazilian Social Democracy Party] and the PPB [Brazilian Progressive Party] support eliminating the IPC. The PMDB [Brazilian Democratic Movement Party] and PFL [Liberal Front Party] allow their members to vote according to their own interests. After an hour of voting in the plenum, the result was that the IPC was maintained in the Constitution.

[Begin Deputy Sandra Starling, Workers Party, recording] I think it is shameless to cut on so many workers' rights and maintain the IPC. [end recording] [passage omitted]

The controversy will be raised again in great style through a draft bill transforming the IPC into a private retirement pension system. [passage omitted]

Chamber of Deputies President Luis Eduardo Magalhaes was pleased with the conclusion of the first voting round of the social security reform since he believes it will help maintain a good image of the legislative branch. [passage omitted]

During the voting session yesterday, the government eliminated the wage correction index which defined the value of retirement pensions. With this measure, the opposition estimates that in two years time, the workers will lose 17.42 percent of the value of their salaries, if inflation continues to drop.

However, pro-government party leaders consider this an important triumph because it withdraws another monetary correction index from the economy.

Brazil: Political Use of Landless Peasant Movement Viewed

PY2006164696 Rio de Janeiro Rede Globo Television in Portuguese 1030 GMT 20 Jun 96

[Commentary by Arnaldo Jabor]

[FBIS Translated Text] The Landless People's Movement, MST, issue is causing great confusion. Why? First, because deep down the government does not agree with the agrarian reform the MST wants. Second, the government does not have a clear agrarian policy. Given that it would look bad not to have any agrarian reform — especially after the massacres — the government is trying to implement an agrarian reform it does not like.

There is an organized and respectable group within the MST, but there is another MST faction that wants to use the agrarian reform to carry out a revolution. They are the smooth hands [maos lisas] or Maoists who use the peasants who have rough hands to fuel their political delirium.

In a municipal election year, the smooth hands continue illegal occupations of farms to support the opposition in the elections. They even plan to block highways next 21 June to support the general strike organized by the CUT [Sole Workers Center].

Thus, the agrarian reform in Brazil is not an objective but a means. It is a means used by the government to pretend to be attending to the needs of the MST, and it is a means used by the MST to carry out a radical policy. Such is the tragedy, and it is ready to explode.

Chile

Chile: Frei Arrives in Florence for Agreement With EU

PY2106041996 Santiago Universidad Catolica Television Internacional in Spanish 0100 GMT 21 Jun 96

[FBIS Translated Excerpt] After his arrival in Florence, Italy, Chilean President Eduardo Frei today said the agreement that Chile will sign tomorrow with the EU will mean more jobs and better salaries. The following is a report by our special reporters.

[Begin recording] [Reporter Patricia Silva] After a 19-hour trip, President Frei arrived in Pisa and one hour later in Florence. This city known as the cradle of the Renaissance will tomorrow be the site of the signing

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of the EU-Chilean cooperation agreement. With this important step, Chile will strengthen its political, economic, and commercial ties with 15 European countries which together have a total of 350 million inhabitants and which constitutes one of the largest markets in the entire world.

President Frei today held meetings with Spanish President Jose Maria Aznar and with Italian Prime Minister (Romano Prodi). [passage omitted]

[Silva] What can you tell common Chileans about the importance of this agreement and its significance for Chile?

[Frei] I can tell them it will mean many more jobs, better salaries, increasing value-added exports. [passage omitted] [end recording]

Chile: Membership of UN Disarmament Conference Viewed

PY2006163296 Santiago EL MERCURIO in Spanish 18 Jun 96 p A9

[Article by Ana Fernandez from Geneva]

[FBIS Translated Excerpt] Chile, with 22 another countries that include Iraq, Israel, and North Korea, yesterday became a member of the UN Disarmament Conference, which is currently in the final stages of negotiating a treaty to ban nuclear tests. Iraq's presence not only delayed the entry of the group into the conference that was requested in 1993 but also forced the 23 member countries to resign their right to individually vote. [passage omitted]

Jorge Berguno, Chilean UN representative and until yesterday president of the group of 23 observers said: "The advantage of being a member is that we will have greater influence in the negotiations." He admitted that this influence is "quite relative" for countries that do not have nuclear weapons. Being an observer allowed us to take part in the meetings and talk, but it did not allow to vote on the decisions, which are always adopted by consensus. [passage omitted]

[Santiago EL MERCURIO in Spanish on 19 June, on page C2, states: "Foreign Minister Jose Miguel Insulza has said that the UN Disarmament Conference decision to accept Chile as a full member is the result of the government's active foreign policy on disarmament.

["Insulza expressed satisfaction over the announcement, emphasizing the efforts made by the government since 1989.

["Insulza said: 'We are very happy with the result of our diplomatic effort and I believe the decision shows we are carrying out our foreign policy quite well.'

["The entry of Chile is the culmination of an active diplomatic campaign that started in 1989 when Chile submitted a request to be accepted as full member of this organization. The diplomatic effort continued during the past two years as coordinator of the Group of 23 in its aspiration to become a full member of the conference."]

Chile: New Leftist Party Created by Ex-Socialist Militants

PY2006163796 Santiago LA TERCERA DE LA HORA in Spanish 19 Jun 96 p 9

[Article by Juan Andres Quezada]

[FBIS Translated Text] A new political party appeared yesterday "with the intention of rebuilding the left in Chile." The party has been named New Popular Alliance [Nueva Alianza Popular--NAP] and, according to its Vice President Eduardo Gutierrez, the idea is to fill the large social and political vacuum of the left between the Socialist Party (PS) and the Communist Party of Chile (PCCh).

Gutierrez told LA TERCERA: "70 percent of the NAP members are ex- militants of the PS, who in their majority supported presidential candidate Max Neef, and who are now advocating the reorganization of the left." He added that the party's intention is to participate in the municipal elections in an alliance with the PCCh and the Humanist-Green Party (PHV).

[Quezada] What electoral percentage do you expect to get?

[Gutierrez] If NAP, PHV and PCCh go together, we will get about 10 percent. The PCCh already accepted and the PHV is evaluating the offer.

[Quezada] Do you believe social organizations are overwhelming the government parties?

[Gutierrez] The student rebellion, for example, is a clear defeat for the government. The government submitted a university reform bill with the idea of privatizing the state universities, and in face of the pressure it had to withdraw it and submit a new one.

[Quezada] But students have always protested ...

[Gutierrez] The government's great defeat is the failed effort to rebuild a union movement. The election in the United Workers Confederation (CUT) was nothing more than the final failure of Manuel Bustos as the government representative before the workers.

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Chile: More Investment Sought From Asia-Pacific Region

PY2006193496 Santiago EL MERCURIO in Spanish 9 Jun 96 pp A1, A20

[Article by Elia Simeone]

[FBIS Translated Text] The government intends to begin a diplomatic offensive to increase the flow of investments from Asian- Pacific countries, a task that will be supported by private sector representatives who consider it necessary given the fact that the arrival of foreign capital from that zone is in many cases lower than the trade level between Chile and those nations.

This is the case with Japan, whose investments are much lower than bilateral trade levels, a situation the Chilean Government wants to reverse once the results of studies on the case entrusted to a Japanese consulting company are received.

The government is also interested in encouraging trade relations with those countries where this phenomenon is just the opposite, that is, there is a good investment level but a much lower trade level, such as in the case of Australia and New Zealand.

The memorandum of understanding signed yesterday in Marbella by the governments of Australia and Chile to negotiate an agreement intended to avoid double taxation and tax evasion has been framed within this context.

According to Foreign Minister Jose Miguel Insulza, this agreement will be very important to encourage mutual investments in both countries and, at the same time, to prevent this investment from becoming a source of speculation more than a source generating production.

This memorandum was one of the understandings reached during the working meeting held between Timothy Fischer, Australian deputy prime minister and minister for trade, and Chilean Foreign Minister Jose Miguel Insulza and Economy Minister Alvaro Garcia. Considering the strategic importance, for our country's economic development, of remaining within, and projecting toward, the Pacific Basin, the government has decided to intensify the work to promote not only trade, but also investments.

Eduardo Moyano, president of the Foreign Investments Committee, has told this newspaper that he will be part of a government business delegation, headed by Minister Garcia, that will visit Australia and New Zealand from 6 July 1996.

This delegation will also include Mining Under Secretary Sergio Hernandez and Pedro Lizana, Industrial Development Association [Sofofa] president, as well as 20 business representatives.

This delegation will visit Sidney, Melbourne, and Canberra (Australia), and Wellington and Auckland (New Zealand). The idea is to encourage both investments and trade. Trade with these two countries has been very weak because it represents only 1 percent of overall commercial transactions between Chile and the rest of the world.

The scant knowledge businessmen have regarding opportunities offered by the Chilean and the Pacific Basin markets, the lack of maritime transport, the very protectionist policies practiced by such nations as Australia and New Zealand, and the low-level interest on the part of Chile some six years ago in that zone are some of the causes that are mentioned to justify the low trade level.

Moyano said: "Now that the Pacific Basin has become very important for us, there are many businessmen who have been traveling to Australia and New Zealand — which Presidents Aylwin and Frei have visited — and investments have been arriving from those countries. We also intend to increase trade."

With the exception of the cases of Australia and New Zealand, where there are more investments than trade, the flow of foreign capital from the remaining countries of the Pacific Basin is low.

Moyano said this situation is particularly applicable to the case of relations with Japan, where the levels of investments are much lower than trade figures. While the flow of Japanese capital represents 3.5 percent of overall foreign investments, trade, particularly Japanese exports, reaches between 17 and 18 percent.

Precisely for this reason, the Foreign Investments Committee, together with Sofofa and Corfo [Production Development Corporation], has entrusted a Japanese investment institute with conducting studies to try to determine the reasons that have prevented the arrival of more Japanese capital into Chile. These studies are also expected to identify the areas that must be promoted and the appropriate manner to encourage the participation of Japanese resources in Chilean productive activities.

The government is interested in promoting the arrival of Japanese investments, especially in the industrial area.

In response to a question, Moyano said that Chile does not have many investment projects that can be offered abroad. He said that the way to promote investments is by, first, showing the country in general terms and, second, introducing some specific sectors.

He added that the only sector with a number of projects — and it is an exception — is that of infrastructure.

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He explained that Carlos Cruz, coordinator of the Public Works Ministry Concession Programs, will also participate in the mission to Australia and New Zealand, and that he will explain the various infrastructure projects in which the private sector is expected to participate.

The working meeting between Ministers Insulza and Garcia and the Australian deputy prime minister was held yesterday in Marbella within this general context of greater rapprochement with the Asia-Pacific region.

After the meeting, this newspaper was informed that the two parties agreed to negotiate an agreement on double taxation and tax evasion, in order to promote reciprocal investments and avoid the problem of speculative capital.

Another subject on the bilateral agenda was the mutual entry of Chile and Australia into the Asia-Pacific Economic Cooperation (APEC) forum. One of the points to be discussed, and which was not established, was the possibility of the two governments submitting to APEC a joint action plan to work toward the objective of creating a great free trade zone among the 18 economies members of that organization.

One concern expressed by the Australian delegation was that referring to the possible consequences on Australian coal exports of the future free trade agreement Chile is negotiating with Canada. Both Canada and Australia are important competitors in the Chilean coal market, because our country imports approximately $60 million worth of coal from them.

Colombia

Colombia: Samper Pledges Retaliation If Sanctions Imposed

PA2106020796 Santa Fe de Bogota Inravision Television Cadena 1 in Spanish 0000 GMT 21 Jun 96

[From the "24 Hours" newscast; monitored live from a retransmission by Lima Sistema Unido de Retransmision]

[FBIS Translated Text] [Announcer Paula Jaramillo] President Ernesto Samper has announced retaliatory measures against the United States if it imposes economic sanctions on Colombia. He told this to the Buenos Aires daily, CLARIN.

[Reporter Patricia Parada] President Samper pledged to confront Washington if Bill Clinton's government decides to impose commercial sanctions on Colombia. He cited the ban on Colombian airplanes as an example. This is just what the president said in an interview CLARIN published on 20 June in Buenos Aires. This is what the president told the Argentine daily:

[First unidentified reporter] The sanctions would trigger a controversy [ida y vuelta], because it would not be a unilateral decision. We have to take into account that the volume of what our country purchases from the United States is higher than the volume of what it purchases from us.

[Parada] The Colombian head of state also said that the United States would be making the big mistake of assisting drug traffickers, who would open sectors that would normally be closed to legitimate production sectors, which are the ones that create jobs.

[Unidentified announcer] Meanwhile, various congressmen have reacted to the position Samper took against the United States in his interview with the Argentine daily.

[Second unidentified reporter] According to some people, the statements made to the Argentine daily constitute a sign that the Colombian Government could resort to the old saying an eye for an eye and a tooth for a tooth if the United States retaliates. However, others disagree that this could be the case:

[Begin recording] [Conservative Senator Roberto Gerlein] My country must improve its situation regarding the United States in order to the be able to further our foreign trade relations.

[Liberal Senator Juan Martin Caicedo] These trying times call for the government to remain calm, and the president must embody this air of calmness.

[Senate President Julio Cesar Guerra] It would be unfortunate for both the United States and Colombia, therefore, we all have to help prevent this from ever happening. [end recording]

Colombia: DAS Head Says U.S. Envoy, Gelbard 'Scoundrels'

PA2106014396 Santa Fe de Bogota Inravision Television Canal A Network in Spanish 0000 GMT 21 Jun 96

[From the "24 Hours" newscast; monitored from live retransmission by Lima Sistema Unido de Retransmision Television at 0000 GMT on 21 June]

[FBIS Translated Text] The Colombian Government's language against the United States has become violent. DAS [Administrative Department of Security] Director Marco Tulio Gutierrez has called U.S. Ambassador Myles Frechette and Robert Gelbard scoundrels [bellacos].

[Begin Gutierrez recording] A scoundrel is one who perpetrates disreputable actions [bellaquerias]. This is

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an ambassador meddling in Colombia's institutional life. This cannot be allowed any more. I say it with firmness: His latest faux pas, to publicly state that we, the DAS, have tapped his telephone line and that we have persecuted him in Medellin, is not only a flagrant lie, it is also a disreputable action by a meddling viceroy. For example, I do not clearly see the U.S. ambassador's cooperation with programs against crime nowadays. I say this openly and frankly.

Quite the contrary, I think that this cooperation is biased toward one organization. It is time to lodge a formal protest, because it is no longer acceptable for Ambassador Frechette to do everything except what an ambassador has to do.

President Clinton is one thing, and his officials are another thing. The country is forewarned — if something happens to me it could be the result of those sadly remembered actions. [end recording]

The DAS director's attitude contrasts with what President Ernesto Samper said after his acquittal. This leaves us with a doubt: Which of the two positions is the official one?

[Begin Samper recording] Colombia would like to continue considering the United States what it has always been; that is, a partner and a friend but, rather, based on the most elemental, mutual respect. [end recording]

Colombia: DAS Director To Remain, Urges Proof of Taps

PA2006215796 Santa Fe de Bogota Emisoras Caracol Network in Spanish 1715 GMT 20 Jun 96

[Report by Yanelda Jaires; from "The Midday Newscast"]

[FBIS Translated Text] Dr. Marco Tulio Gutierrez Moran is definitely remaining at his post as Administrative Department of Security [DAS] director until, as he himself emphatically told Caracol, the situation has been resolved with U.S. Ambassador Myles Frechette and Robert Gelbart regarding certain assertions that the DAS has been spying on the United States.

He said that he cannot run away when faced with the first statements by certain personalities, such as Messrs. Frechette and Gelbard. He said that he will remain as director until these people prove with documents and support the series of statements they have been making, which he described as tendentious and slanderous.

He said textually that these two people are simply missing the target [tacando burro] and instead are annoyed because things have not turned out well.

[Begin recording] [Gutierrez] Much before this happened — and I said so publicly — we had statements by Mr. Gelbard and Mr. Frechette. I will not flee at the first statement. What Mr. Frechette has said is very serious. Mr. Frechette has said that we have tapped his Embassy's telephone lines and that we have chased him during a visit to Medellin.

This is a very delicate matter; it is no joke or gossip.

Mr. Gelbard has compared Bogota with Moscow in the 1960's. That is no joke either, and they are going to have to prove it.

[Jaires] How would this evidence be presented, especially by Frechette, on these alleged telephone taps you are accused of carrying out?

[Gutierrez] He has to have the technical evidence to prove that his telephones have been altered. In addition, he will also have to supply the source and origin of the information regarding the chase in the city of Medellin.

Mr. Gelbard, with all respect due to his position, will have to tell the world why Bogota is like Moscow in the 1960's. Maybe they intend changing Bogota into a branch of Moscow during the 1960's.

[Jaires] Dr. Marco Tulio Gutierrez, you are staying in your post, and you are simply telling Mr. Frechette to prove what he is saying?

[Gutierrez] I tell Mr. Frechette and I tell Mr. Gelbard that they have to prove to me these tendentious affirmations.

See how, fortunately, the (Collins) firm has firmly denied even knowing me, which is true. A few things were being fabricated here. Let us call things by their right name: They are missing the target [tacando burro], and things have not turned out well. This is why they are annoyed. [end recording]

Last, he said that he will continue to head the DAS until this situation is resolved or until President Ernesto Samper tells him he can leave the DAS, as he, Gutierrez, had originally requested in order to continue his private practice.

He said that he needs Messrs. Frechette and Gelbard to tell the people and the DAS directorate about all the documents, and especially about the alleged chase by DAS personnel during Mr. Frechette's trip to Medellin. Gutierrez was most emphatic on these points and added that no one has been able to do this, not even the DAS, with current DAS intelligence instruments, which are obviously far less than those the United States has.

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Colombia: Samper Announces Antidrug Trafficking Bill

PA2106020696 Santa Fe de Bogota Inravision Television Cadena 1 in Spanish 0000 GMT 21 Jun 96

[From the "24 Hours" newscast monitored live from a retransmission by Lima Sistema Unido de Retransmision]

[FBIS Translated Text] President Ernesto Samper was in the Capitol for 20 minutes to close Congress' regular sessions. He stressed there that Colombia is a sovereign nation.

[Unidentified reporter] The closing of the legislative period was rather unemotional. The president's speech emphasized the plans the government will present starting on 20 July to support his national reconciliation proposal. Without cutting remarks, Samper also talked about the nation's sovereignty as compared to other nations:

[Begin Samper recording] We will also submit for the consideration of this honorable Congress the bill regulating the physical and legal persecution of the goods that finance and feed criminal activities linked to drug trafficking, subversion, extortion, and kidnaping.

This initiative contemplates the creation of a fund to fight against organized crime and to favor the health and education sectors. [end recording]

Colombia: Samper Said 'Becoming Entrenched in Power'

PA2006150396 Santa Fe de Bogota EL TIEMPO in Spanish 16 Jun 96

[Article by EL TIEMPO assistant director Enrique Santos Calderon: "Poor Country" — received via Internet]

[FBIS Translated Text] Samper is becoming entrenched in power. Supplied with new strength from his expected absolution by the Chamber of Deputies, the freeing of Juan Carlos Gaviria, and the victory of the America de Cali soccer team (from Cali), the president informed the nation that he intended to govern "to the last minute, hour, and day" of his presidential mandate.

This announcement should send chills through a good many Colombians, but should not surprise anyone, as it comes from someone who has shown an incredible ability to hang on to the presidency above any consideration for the national interest.

The fact is, he has done it, at a tremendous cost — a cost which the nation cannot yet estimate. We will all pay that cost in two years, if no one is able to unseat him.

Samper's speech following his absolution had a poorly hidden triumphant tone, which foreshadows nothing favorable. It is understandable that he celebrate and accept the foreseen declaration of his innocence by his colleagues in the Chamber of Deputies; but do not address Colombians as if they were mentally retarded, that they must now believe in the president's complete innocence or threaten to prosecute members of the media who act as "resonance boxes for civil rebellion."

In reality, it was a speech aimed at Washington to gain indulgence from the United States by promising another package of measures against drug traffickers that perhaps will convince the gringos that, despite everything, he deserves a second chance.

The United States must consider that until now, there has been nothing to make us believe that Samper can effectively pass those laws. It is the same thing he has been offering since 1994, but which he has never presented. No one doubts his ability to persuade Congress to absolve him, but to pass laws that will confiscate goods and increase the penalties on the economic sponsors of so many of the country's leaders, that, has yet to be seen.

As a great number of other things still have to be seen. For example, the announced "institutional adjustment." Or the restructuring of his administration (who will be reduced to a mere "spectator?") after a verdict that, although it solves the legal aspect, does not legitimize the government before the eyes of the nation or the world. Unless one believes that absolution bequeathed by 111 representatives — most of them tainted by drug money or seduced by political benefits — is going to reestablish an air of confidence in the country.

I ask, how can the verdict of a Chamber of Representatives with limited credibility restore the image of the administration abroad, or settle differences with the United States, or convince national and foreign businessmen that the time has come to invest? Does it give Samper the ability to lead a process of national unity and rescue the country from the bog in which Samper has plunged it? Does a personal political victory guarantee his ability to govern? Does it turn him into a statesman who will suddenly be able to solve the dramatic accumulation of problems (the disintegration of public order, the economy, health, roads, etc.), the surface of which he has not even scratched.

Right now I do not see how. He could convoke the political class that saved him and that will drain, like never before, the public treasury Samper will place at their disposal, but how is he planning to obtain the authority he needs to convoke the country's majority, who believe that illegal money did enter his campaign

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and that the candidate did know about it, and how will he win over all the Colombians who believe that what was at the Chamber was not justice, truth, or due process, but corruption, drug-trafficking, and nepotism?

This country could be so tired of the problem and so wasted emotionally that it no longer cares much about anything. The truth is that in addition to Samper's undeniable resistance and amazing manipulative talent, a saturating flood of news about the process and contempt resulting from a lack of alternatives worked in his favor. And there is also, of course, the pragmatic opportunism of the Colombians as expressed with cliches, such as "better the devil you know than the devil you don't know," or "what the hell, all politicians are thieves."

And as long as there is no broader civic rejection, as long as Samper's opposition does not present a more cohesive, convincing, and towering front, he will remain entrenched in power, until the last minute of the last hour of the last day. Poor Colombia!

Imagine the picture. We must consider that more ugly facts — pictures, recordings, testimonies — will continue to come out over the next two and a half years from the Pandora's box Samper opened during his first presidential campaign in 1990 and has not been able to close, because as Jorge Eliecer Ruiz cleverly said, the dead have the key.

We must think about the fiscal deficit that will continue to grow as the government spends heavily to win support. One can understand the fervor with which the parliamentarians celebrated the absolution Wednesday night at the Narino Palace and later at the residence of Representative Martha Catalina Daniels.

The possibility of jumping into the national budget unrestrained very clearly explains why the Samperist political class is so joyful. The morally and economically scraggy part will come later and all Colombia will suffer.

But we realize that the president has his second wind, the opposition has run out of steam, and that a wait-and-see period is necessary so that not only Samper, but also the country can take a deep breath, which is needed to calmly evaluate what may come in the post-trial period, to see who Samper appoints and what effects that will have, to observe how the announced institutional adjustment, economic reactivation, and public security system will function. And if he remains there, month after month, making announcements and promises while nothing happens and everything remains the same, then it will be because we truly have the president we deserve.

Ecuador

Ecuador: Foreign Ministry Denies Human Rights Charges

PY2006120896 Quito Voz de Los Andes in Spanish 2300 GMT 19 Jun 96

[FBIS Translated Excerpt] Ecuadoran Vice President Eduardo Pena Trivino has said the Amnesty International report which states that human rights violations cases were perpetrated in Ecuador in 1995 is unsubstantiated.

The vice president said the three cases cited in the report are meaningless. He added that the Amnesty Report is unacceptable because it is not objective.

[Begin recording] [Trivino, in progress] ...human rights. No one can charge that the government has ordered an assassination, or that it has ordered the arrest of any specific individual. Although we cannot deny that some mistakes may have been committed, I can categorically assert that there have been no express human rights violations cases.

[Unidentified reporter] Will the government issue a response...

[Trivino, interrupting] None at all because it is not worth while. [passage omitted] [end recording]

Pena Trivino asserted that no one can charge that the Duran-Ballen administration ordered a killing or the arrest of specific individuals. He added: Thus, it is completely inadmissible for anyone to charge that the Ecuadoran Government perpetrated human rights violations.

In addition, the Ecuadoran Foreign Ministry denied charges made in the Amnesty International report about human rights violations perpetrated by Ecuador during the war with Peru.

The Foreign Ministry said these reports are false, adding that they were duly denied by the proper international authorities.

The Foreign Ministry added: During the regrettable developments between Peru and Ecuador in February 1995, the two countries implemented strict migratory measures which were later lifted. These measures cannot be considered human rights violations under any circumstances.

As for alleged human rights violations against Colombian citizens, the Foreign Ministry reported that in compliance with their own decision, these persons were granted the status of refugees. It must be added that once these Colombian citizens were granted the status

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of refugees, the Ecuadoran Government strictly enforced the treatment established in the 1951 Geneva Convention.

Finally, the Foreign Ministry stated that Ecuador is characterized for being a country that upholds human rights because it has permanently proven it has always observed the guidelines established in the different international agreements [words indistinct].

Ecuador: Commentary Views Election Runoff Atmospherics

96SM0375A Quito HOY in Spanish 14 Jun 96

[Commentary by Jorge Ortiz: "For the Lesser Evil" — received via Internet]

[FBIS Translated Text] In the Sierra, from Carchi to Loja, many people will vote on 7 July, angry and reluctant, grumbling. There will be reproaches, complaints, and bewilderment: "How could we fall into such a nasty dilemma as to have to vote for Nebot or Bucaram? Who put us in this horrible mess?" In the final analysis, two of every three inhabitants in the Sierra did not vote for either of the two candidates in the first round election, and many do not feel comfortable about Nebot or Bucaram. They are worried and discouraged. This is why they will vote complainingly and in a bad mood.

Numbers may change on the Costa but not attitudes: A good 30 percent of voters support neither Nebot not Bucaram, and they will also spend a nervous and ill-humored 7 July. There as here, many are preparing to vote — not for the best candidate, but for the least bad. "For the lesser evil," according to the pained remark that is heard on every street corner. And the fact is that no one, not even the campaign strategists, is comparing the candidates' virtues. The emphasis is on their defects, and on the defects of their respective friends.

Meanwhile, calls for casting void ballots, made more out of sorrow than logic, are gradually losing force. Those who voted for one of the other seven candidates are rapidly defining themselves: some are for Nebot, some for Bucaram. But these are not positive choices, supported by hopes or illusions. They are negative choices, motivated by fear and prejudice. People are increasingly opting for the "lesser evil." Not for the best man. For many people, there is no best in this election. There is only worst. And nothing else.

Therefore, many of the votes that Nebot will obtain in the runoff will not be votes in his favor. They will be votes against Bucaram (and, in passing, against his relatives and friends). Also, many of Bucaram's voters will not be casting votes in his favor but rather votes against Nebot (and in general against the Social Christians, beginning with Leon Febres Cordero). But, of course, one of the two will be president. But when he puts on the presidential sash on 10 August, he must remember that his election places him in the midst of a cruel paradox: his majority, although absolute, will be very relative...

Absolute, because the winner will have at least half of the votes plus one. But relative, because not all will be votes in his favor, but against his rival. Someone else's votes. From which it can be inferred that the administration of the next president, whether it be Nebot or Bucaram, will be weak and inadequate. The fate of the next government therefore will be to have severe problems of governability from the beginning. So severe that if it does not broaden its base, there will be instability and crisis, continually.

In sum, it will not be enough for the next government to reach agreements between leaderships, based on sharing the spoils. No. Not even legislative agreements, which would provide peace in Congress, would be sufficient to compensate for the fragility of its mandate, which, although perfectly legal, is frightfully weak politically. But, careful! Governability is not a problem of government but of the country—because there will never be a society that progresses as long as it lives in constant insecurity.

This article is not a song to bring about discouragement and the bleakest of expectations. Far from it. It is rather an invocation, humble but timely, for the two candidates to prepare to cede and concede; because whoever wins will have to open himself to other forces—realistically and generously—in the broadest possible consensus. A consensus not of parties but of ideas, with a single purpose: to be able to govern this country that has such need of a government that will command, guide, and set a course.

Paraguay

Paraguay: Defense Minister Confirms Rebellion

PY2006141596 Asuncion NOTICIAS in Spanish 20 Jun 96 pp 4, 5

[FBIS Translated Text] Defense Minister Hugo Estigarribia testified before Judge Alcides Corbeta yesterday. In his testimony he named 15 generals who accompanied insurgent General Lino Cesar Oviedo, retired, during the 22 and 23 April revolt. Estigarribia said the rebellious general gave President Juan Carlos Wasmosy until 0030 on 23 April to reverse his decision to replace him as Army commander. Failing that, he demanded the resignation of the president and the vice president. He

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also threatened to attack the presidential residence and proposed the naming of Congress President Milciades Casabianca as president.

Estigarribia said: "I categorically affirm that Gen. Oviedo assumed a seditious attitude. His position was transmitted through Senate Chairman Milciades Rafael Casabianca and other legislators who went to see the general to try to convince him to change his attitude, as it was conveyed to us by the president when he asked us to leave the residence."

During his testimony, Estigarribia said: "He demanded the destruction of the order replacing him, or the resignation of the president and vice president and threatened to use force with the consequent loss of many lives."

The defense minister named the following generals as allies of coupist Gen. Lino Cesar Oviedo: Andres Ramon Basualdo, Santiago Zaracho Frucadez, Eligio T. Torres, Jose Segovia Voltes, Hector Antonio Adriano Ocampos, Pablo Manuel Idoyaga, Eulogio Rodriguez Acevedo, Cirilo Ramon Velazquez S., Luis Salomon Julian Riego, Jorge Caballero Silvero, Victor Segovia, Sindulfo Ruiz Ramirez, Antonio Jesus Martinez, Cesar C. Ferreira, Abilio Gimenez.

Estigarribia said Gen. Lino Cesar Oviedo, retired, offered the presidential seat to Milciades Rafael Casabianca after he obtained the resignation of the president and the vice president. The minister said: "I became aware of the offer when the president, at 0020 on 23 April informed us of the result of Casabianca's mediation. I also learned of the offer through Senator Rodrigo Campos Cervera's declarations."

Estigarribia said that one person who informed them that an attack on the presidential residence was being prepared was Victor Galeano Perrone.

One of the insurgent general's main objectives was "to blow up" the presidential residence if President Juan Carlos Wasmosy did not reverse his decision to replace him as Army commander.

He set the deadline for the president and Armed Forces commander in chief to reverse his decision at 0030 on 23 April. Estigarribia said that, if not, the president and the vice president had to tender their resignations.

This statement was made by Defense Minister Hugo Estigarribia Elizeche in a written deposition that was submitted to Judge Alcides Corbeta.

The defense minister confirmed he told reporters that there was a threat to attack the presidential residence with all imaginable consequences: The loss of human lives.

The minister said: "The definitive information on the threat to attack the residence was conveyed to us by the president at 0020 on 23 April 1996. The announcement provoked the immediate evacuation of the premises;"

Estigarribia talked about the mediation by legislators and diplomats to try to convince rebellious Gen. Lino Cesar Oviedo Silva to drop his attitude. He said that he did not participate directly, but was informed of them.

Estigarribia said the offer to appoint Oviedo as defense minister was a strategy to resolve the situation that was elaborated by the president himself in order to get Oviedo out of the barracks and away from the troops.

Paraguay: Foreign Minister Pays Visit to Bolivia

PY2006203996 Asuncion ULTIMA HORA in Spanish 14 Jun 96 p 9

[Report by special correspondent Adrian Cattivelli in Bolivia]

[FBIS Translated Text] In remarks made in La Paz (Bolivia) on the morning of 14 June during his first official visit abroad, Paraguayan Foreign Minister Ruben Melgarejo Lanzoni said relations with Bolivia is a "priority" for Paraguay. Summarizing all current bilateral projects, he said: "We have to seek an outlet to the Pacific."

The Paraguayan foreign minister pointed out that the two countries eagerly want to enhance their relations, as it is also essential for Bolivia to have an expeditious and effective outlet to the Atlantic. This outlet could be achieved through both the Trans- Chaco highway and the Parana-Paraguay waterway, he said.

Melgarejo Lanzoni noted that it is time already for the integration between the two countries to become "a real physical integration" rather than merely a protocol and ideological project.

In this regard, the Paraguayan foreign minister hopes that his visit will significantly promote the completion of the Trans-Chaco highway project. He also noted that even though some bureaucratic barriers still have to be removed, he hopes that this project will be completed by the year 2000.

Melgarejo Lanzoni noted that 280 km of the highway stretching between the city of Mariscal Estigarribia and the "Sargento Rodriguez" landmark No. 3, on the Paraguayan side; and 530 km on the Bolivian side, still have to be completed. The project, which will be financed by the River Plate Basin Development Fund [Fonplata], will be implemented in two phases: an initial investment phase, involving feasibility studies, and a current investment phase for the construction of the

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highway, which will cost $60 million for Paraguay and about $130 million for Bolivia.

During a working meeting this morning, Ruben Melgarejo and his Bolivian counterpart, Antonio Aranibar Quiroga, reviewed a gas pipeline project for supplying natural gas to Paraguay.

In this regard, the Paraguayan foreign minister expressed the Paraguayan Government's approval of the Bolivian Congress' recent approval of the Hydrocarbons Law that establishes the areas for installing the gas pipeline and the terminals.

Melgarejo Lanzoni said this law contemplates an 846-km long gas pipeline stretching through Paraguayan territory. He explained that the Paraguayan Government will establish a legal framework for the construction of the gas pipeline, but private companies will actually be involved in the construction.

The Paraguayan foreign minister also pointed out that Paraguay managed to delay the gas pipeline's feasibility study for June 1997. He indicated that it is still not possible to determine the quantity of gas to be used by Paraguay, as Bolivia's huge natural gas reserves have still not been tapped. Therefore, their potential is still unknown.

In La Paz, Melgarejo Lanzoni also reviewed the political process currently under way in Paraguay, after the latest coup attempt involving retired General Lino Cesar Oviedo.

Melgarejo Lanzoni will meet Bolivian President Gonzalo Sanchez de Lozada at 1730 today. He will also meet Chaco War veterans and will be decorated by the Bolivian foreign minister at 1930 at the Bolivian Foreign Ministry.

Peru

Peru: Appointments of Constitutional Court Completed

PY2006141996 Lima EL COMERCIO in Spanish 16 Jun 96 p A1

[FBIS Translated Excerpt] After several unsuccessful attempts, Congress finally completed the list of the seven justices of the Constitutional Court after voting 97 in favor, two against, and three abstentions for the list comprising jurists Ricardo Nugent, Guillermo Rey Terry, Delia Revoredo Marsano, Jose Garcia Marcelo, and Guillermo Diaz Valverde.

On 16 May, Congress appointed Manuel Aguirre Roca and Francisco Acosta Sanchez as justices of the Constitutional Court.

The voting began just after 1830 under the presidency of Martha Chavez Cossio. [passage omitted]

Peru: Fujimori's Popularity Rating Shows 6-Point Increase

PY2006224796 Lima EXPRESO in Spanish 17 Jun 96 p A5

[All figures as published]

[FBIS Translated Text] President Alberto Fujimori's popularity increased by six points from May to June, according to a public opinion poll conducted by the company Apoyo Inc.

Unlike the results of a survey released on 16 June by Imagen y Sociologia de Mercado [Imasen], according to which the head of state's popularity had deteriorated in June considering his approval rate had declined from 61.1 percent in May to 55.6 percent this month, Apoyo's poll showed that 65 percent of those surveyed approved of the Fujimori administration, up by six points in May.

The reason behind the surge in the president's popularity may be the signature of the contract selling Camisea [gas plant] and the recent successful privatization of Petroperu [State Petroleum Agency]

Apoyo also gauged voters' opinion on [former President] Alan Garcia Perez's possible candidacy for the Presidency [in the year 2000]. It found that 85 percent of those polled said that they would definitely not vote for him while 2 percent said Garcia would be their choice as president.

As far as the performance of Sunat [National Tax Administration Superintendency] is concerned, Apoyo said its poll found that 27 percent thought that it is faring better against 14 percent who believed it is doing worse and 50 percent who contended Sunat's performance remains unchanged.

The public opinion survey also found nearly half of the survey sample — 43 percent— were of the opinion that Ana Kanashiro, former director of Inabif [National Family Welfare Institute] has indeed resorted to corrupt practices whereas one-fourth of the sample — 26 percent — claimed that the charges leveled against her are false.

Pollsters also asked whether the public expected that punishment would be meted out to corrupt government officials. Of those surveyed, 31 percent answered that they doubted whether they would be punished against 18 percent who were absolutely certain that corrupt officials would be punished and 28 percent who had some certainty about this.

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Peru: Japanese 'Clan' Power Struggle in Government Viewed

PY2106004296 Lima LA REPUBLICA in Spanish 11 Jun 96 p 6

[From the Observer column by Mirko Lauer: "Nisei in the Spotlight"]

[FBIS Translated Text] In almost all of her loquacious presentations, Ana Kanashiro is able to insert a brief reference to her Nisei [second-generation Japanese] condition. Although the idea she conveys is ambiguous, she is adamantly implying that: 1. She is being accused because she is a Nisei; 2. Her Nisei condition puts her above her current predicament, or; 3. She regrets that the prestige of the Nisei community is being jeopardized.

Kanashiro's cryptic message acquires additional force in view of the fact that her main accuser is another Nisei, [Minister of the Presidency] Jaime Yoshiyama. Moreover, Augusto Miyagusuku, Miguel Simabujuro, and their respective relatives (Popular and Porvenir insurance companies), in addition to Jaime Sobero T"ira, the former minister of fisheries; are directly involved in the charges raised in 1996.

It is obvious that the appearance of these and other Nisei names comes as a result of the high profile that some Nisei community groups have had in the six years of the [President] Alberto Fujimori administration. Their presence in high-ranking posts has been exponentially higher than their demographic representativity in the country.

This has not annoyed anyone, however. The effectiveness of communities of Asian origin is acknowledged and appreciated. Fujimori's popularity has been an umbrella for what otherwise might have been viewed as cultural nepotism. However, everything seems to indicate that the population is uninterested in establishing this kind of difference among Peruvians.

In fact the issue in question is not whether they are Nisei or not (if the president came from Cusco many of the government officials would probably be from the Qosqo [Quechuan word for "Central Region"] but that they belong to a clan system, that is, a hermetic group with tightly woven personal and family ties. The issue is that we are witnessing a vast network of sweeping nepotism.

The clan system is currently under adverse scrutiny for the simple reason that there are a large number of Niseis or Peruvians of Chinese origin appointed to high-ranking government posts or as heads of government institutions. Perhaps this is why Kanashiro looks so surprised when she is asked why has she been chosen as an exemplary case.

Is this trying to prove that Fujimori has no strings attached to anyone? Let us say that Kanashiro is not the first Nisei that Fujimori has removed from his inner circle. In 1990 he started his national political career by ousting Victor Honma, the first Change 90 secretary general, and many others have been replaced since then for various reasons.

Meanwhile, more and more people believe that instead of this being a bona fide moralization case, what we are really witnessing is a power struggle among the powerful Nisei political clans. In this clash, Kanashiro is not reportedly a member of the Santiago Fujimori [Alberto Fujimori's brother] clan — as it has been repeatedly stated — but someone close to Alberto Fujimori. This is because unlike it was originally believed the clans in power are not two but four.

At this stage it is of utmost importance to be quite knowledgable of the inner workings of high-ranking public administration posts where a true storm of charges and counter-charges is looming. Six years of absolute silence about the people working for the Fujimori power structure may be coming to an end.

Peru: FM Official on Ecuador's 'Teaching Animosity'

96SM0381A Lima EXPRESO in Spanish 14 Jun 96 p 1

[Received via Peruvian Foreign Ministry's Internet site]

[FBIS Translated Text]

Ecuador Teaches Hatred of Peruvians

On various occasions Peru has charged—and will continue to do so, supported by powerful and irrefutable evidence—that for years Ecuador has been engaged in "teaching animosity" toward Peru by inculcating a dislike of our country in its children and young people. This statement was made yesterday by Harry Belevan, Foreign Ministry director of political affairs.

Belevan added that in its communications media and at meetings of international organizations, Ecuador is striving to "disparage the actions of the successive Peruvian governments and the image of the Peruvian people."

"Ecuador's actions can no longer be overlooked," he said. "They poison the climate of civilized coexistece and go against the current of understanding that should come naturally, given the common origins that bind together the peoples of Peru and Ecuador."

He made these statements as spokesman for Foreign Minister Francisco Tudela during the inauguration of

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the international seminar on "The Peace Accords in El Salvador, and the Peace Culture as a Universal Concept," held at the Diplomatic Academy on the occasion of the visit of Salvadoran President Armando Calderon.

Belevan explained that the development in Ecuador of a "counter-culture to the peace culture" not only transgresses elementary standards of coexistence among peoples but systematically violates commitments assumed by that country with UNESCO, an organization that attributes "singular importance to the concept of the peace culture."

Peru: Ethics Law for Public Servants Noted

96SM0381B Lima EL COMERCIO in Spanish 12 Jun 96 p 1

[Received via Peruvian Foreign Ministry's Internet site]

[FBIS Translated Text]

Congress Passes Public Service Ethics Bill

The Congress of the Republic last night passed the Public Service Ethics Bill, which provides that government officials and civil service employees must present a sworn declaration of their assets and income before, during, and at the conclusion of their period of service.

This obligation is set forth in Article 41 of the Political Constitution.

The bill as approved establishes that the following must present the sworn declaration: Persons who maintain a working relationship with any entity of the public sector or perform duties of a political or confidential nature, including elected officials; persons employed by state enterprises, mixed companies, or organizations subsidized by the state; administrators and impounders of assets that have been attached or impounded by the appropriate authority, even if owned by private citizens; members of the Armed Forces and the National Police; and all other persons specified in the Political Constitution or by law.

Peru: Executive's Request for Extraordinary Powers Noted

96SM0381C Lima EL COMERCIO in Spanish 12 Jun 96 p 1

[Received via Peruvian Foreign Ministry's Internet site]

[FBIS Translated Text]

Executive Branch Presents Request for Legislative Powers

The Executive Branch yesterday transmitted to the Congress of the Republic an official communication in which it requests that it be delegated special legislative powers to issue decrees concerning four specific matters, as follows:

1. Measures designed to facilitate the return of people displaced by the terrorist violence.

2. Measures designed to encourage job creation by eliminating obstacles to investment and also various inequities, with emphasis on increasing exports and developing a market for capital.

3. Measures designed to facilitate entrepreneurial restructuration, primarily by supporting small and medium-sized business.

4. Measures for creation of a Zone for Development of the Matarani-Ilo-Tacna Axis, with a view to promoting private investment in southern Peru.

The request—which was signed by President of the Republic Alberto Fujimori and Prime Minister Alberto Pandolfi Arbulu—was transmitted immediately to the Committee on the Constitution for debate, where it was approved in less than one hour.

The request is therefore ready for consideration by the full membership of Congress, which must make the final decision either for or against delegation of these legislative powers to the Executive Branch and will do so during next Thursday's [13 June] session.

Peru: 12-Million-Dollar Chilean Arms Sale Reported

96SM0381D Lima EL COMERCIO in Spanish 13 Jun 96 p 1

[Received via Peruvian Foreign Ministry's Internet site]

[FBIS Translated Text]

Reports of Sale of Chilean Arms to Ecuador

Although the Chilean defense minister has denied that Chilean arms and ammunition were sold to Ecuador during last year's military conflict with Peru, newspaper accounts based on interviews with Chilean, British, and Spanish sources report a $12-million military transaction that went unnoticed by the authorities of our neighbor to the south.

According to these reports, the director of Army Ordnance of Chile, a man named Letelier, had been removed from office upon discovery of an illegal sale of

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arms and ammunition to Croatia, in transactions that involved Argentine as well as Chilean military personnel.

Letelier, however, reportedly retained a special—and almost secret—status within the FAMAE [Army Ordnance] organization that enabled him to continue the negotiations for the sale of the military materiel to Ecuador. ("Unconfirmed column"—EL COMERCIO)

Peru: Ecuadoran Military's Shopping Trip to Chile Noted

96SM0381E Lima EL COMERCIO in Spanish 13 Jun 96

[FBIS Translated Text]

Ecuadoran Military Were Present in Santiago

According to information supplied by reliable sources to a representative of the daily LA VANGUARDIA of Spain, a delegation from the Ecuadoran Armed Forces traveled one year ago to Santiago, Chile to negotiate the purchase.

In this connection, reports obtained in three countries state that Argentine assault rifles captured by Great Britain during the Malvinas war—together with assault rifles of Chinese origin—were offered at a price of $150 per rifle.

Inasmuch as the conflict between Ecuador and Peru broke out just as negotiations for the rifles were getting under way, the contracts of sale were backdated to make it appear that they had been signed three months earlier.

The backdated contracts were reportedly signed by Jose Rubio, assistant director of the Chilean FAMAE [Army Ordnance], and by Oscar Aaiken Avancki, director of a law firm and owner of the Tecnosana company.

The version that appeared in the Spanish newspaper alleges that a Hercules aircraft of the Chilean Air Force landed the weapons in Quito during the second week of February 1995, in the very midst of the military conflict.

The Chilean Air Force is said to have initially denied permission for the flight.

According to the Spanish daily, however, permission was obtained upon presentation of the backdated contracts.

Information reportedly exists to the effect that Chilean businessman Luis Eduardo Silva de Balboa, who currently resides in Peru, participated in the negotiations for the sale of arms to Ecuador.

Peru: Chile Ambassador Denies Arms Sale

96SM0381F Lima EXPRESO in Spanish 13 Jun 96 p 1

[Received via Peruvian Foreign Ministry's Internet site]

[FBIS Translated Text]

Chilean Ambassador Denies Sale of Arms to Ecuador

Chile's ambassador to Peru, Carlos Martinez Sotomayor, yesterday confirmed his government's willingness to cooperate with the Peruvian-Ecuadoran peace process. He also denied reports that his country had sold arms to Ecuador when that country attacked Peru early last year.

The diplomat branded as "absurd and truculent" the report—published by LA VANGUARDIA of Barcelona, Spain—that quoted "espionage sources" to the effect that "the Chilean Army had sold arms of Chinese origin to Ecuador together with Argentine arms that had been captured by the British in the Malvinas war."

According to LA VANGUARDIA, Chilean President Eduardo Frei "remained aloof from the transaction, because Chile was one of the guarantors of the peace accords signed between Ecuador and Peru."

Martinez Sotomayor categorically rejected the newspaper report, which he said "has been definitively denied by my government and by the officials concerned."

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